TRADE WITH WESTERN EUROPE– A BRITISH COLUMBIA PERSPECTIVE

Province of British Columbia, Canada
Ministry of International Trade and Investment
The Honourable Don Phillips, Minister

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BRITISH COLUMBIA - WESTERN EUROPE TRADE

A. INTRODUCTION

British Columbia's trade and investment links with Western Europe have historically been a crucial factor in the province's economic development. During the early nineteen fifties, Western European countries accounted for approximately thirty percent of British Columbia's exports, with Britain being a particularly significant market. As Britain moved toward full participation in the EEC during the nineteen sixties, British Columbia trade patterns with Western Europe began to shift, with a significant and negative impact on export volumes. During the nineteen seventies, however, new trade relationships evolved with other Western European countries, with West Germany in particular emerging as a key market, allowing British Columbia to maintain a stable and significant share of the EEC market.

Western Europe's* market share of provincial exports has averaged approximately 15% of total exports over the last decade. In 1983 exports to the EEC (excluding Spain and Portugal which are due to join in 1986) totaled $1,322 million, or 13.3% of the total. Britain, West Germany, Belgium/Luxembourg, and France are respectively British Columbia's third, fourth, seventh and eighth largest export markets.

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* Western Europe is here defined as the EEC countries of United Kingdom, Ireland, France, Belgium, Luxembourg, the Netherlands, West Germany, Denmark and Italy, plus the non-EEC countries, Norway, Finland, Sweden, Switzerland and Austria.

While exports to the Pacific Rim accounted for almost 30% of British Columbia exports during 1983, Pacific Rim growth during the last 10 years has been largely at the expense of the United States market (whose share of B.C. exports has fallen from around 60% to under 50%) rather than Western Europe. The importance of both the EEC and Pacific Rim markets to British Columbia differs appreciably from Canada as a whole. While these two markets account for an estimated 45% of British Columbia exports, they account for only 20% of total Canadian exports (10% each). The United States market, on the other hand, accounts for a much larger share of total Canadian exports (70%) than it does for British Columbia. Moreover, during the last 10 years the EEC market share has decreased for Canada as a whole (from 12%) while the importance of the United States market has increased (from 65%).

For many particular commodity categories, the overall 13% - 14% EEC market share masks the true significance of that market. In the case of such commodities as plywood (87%), linerboard (66%), canned and frozen salmon (69%), wood pulp (34%), molybdenum ores (74%), lead (37%), and asbestos fibres (41%), the EEC market accounts for a much higher fraction of total market share. For many other commodities, e.g. wrapping paper and thermal coal, the EEC market remains a promising though presently minor outlet.

Investment and tourism flows from Western Europe have also contributed significantly to provincial development. It is estimated that 25% of all British Columbia non-Canadian tourism revenue originates from the EEC, with the majority coming from the United Kingdom and West Germany, which ranked first and second in terms of estimated numbers of offshore visitors. Expenditures by offshore visitors are generally higher, and the duration of stay is longer than for North American visitors.

Moreover, European capital and technology have been and will continue to be important to the development of such industrial sectors as coal, copper, and forest products. Next to the United States, Canada's largest sources of foreign investment are the EEC countries, led by the United Kingdom, West Germany, and the Netherlands. Their combined investment in Canada during 1981 was approximately $7.5 billion. Canadian investment in Western Europe is also significant, and growing. Canadian investment in the United Kingdom, West Germany, and the Netherlands during 1981 was approximately $2.5 billion.

B. TRADE RELATIONS OUTLOOK:

As previously noted, British Columbia exports to Western Europe have historically been concentrated in resource-based products in broad demand in Western Europe. While this market presence is generally secure, developing political and economic trends in Western Europe rule out any complacency regarding the future. This is notwithstanding the fact that considerable economic and political goodwill should continue to characterize Canada's relations with Western Europe.

One reason for caution with regard to Canada's and British Columbia's long-term market position arises from the lack of market influence (Canada supplies only 2% of EEC imports). The significant market and trading power of, for example, the United States, compels the EEC to take account of possible responses to market erosion, whether deliberate or indirect. Other nations, such as the Scandinavian countries and African ex-colonies, both of which compete with our resource interests, are partly safeguarded through formal trade agreements. By way of contrast, the 1976 Canada-EEC Framework Agreement, which established an institutional basis for semiannual consultations on a wide variety of sectoral issues, has not evolved beyond much

more than a forum for technical and information exchanges (similar observations apply to the separate framework agreements in place with the United Kingdom, France and West Germany).

As with Japan, the defence of Canada's trade interests vis-a-vis the EEC, therefore, rests almost solely with the multilateral trading system and the GATT. Thus, GATT arbitration in the recent newsprint quota dispute eventually produced a more favourable outcome for Canada than was originally envisaged. GATT procedures have also been invoked with respect to EEC complaints regarding provincial alcohol marketing and pricing practices. In the huge area of agricultural products however, where Community policies have resulted in massive subsidization, GATT guidelines have so far not proved effective. Bringing farm subsidy practices generally under increased GATT discipline is a primary Canadian objective in any new round of multilateral trade talks.

There are, however, real grounds for concern with regard to long-term EEC market access. The most immediate and tangible negative export pressure is the decline of European currencies generally against the Canadian dollar. This decline has had its most severe impact in the market for forest products, where the Scandinavians have made significant inroads (aided of course, by the granting of general duty-free access to the EEC as of January 1, 1984). Though currency shifts are generally reversible, and the long awaited correction may now be underway, market segments once lost may prove difficult to recapture.

Of broader and perhaps more lasting concern is the strengthening of European trade and investment linkages with resource-producing regions closer to home, i.e. Scandinavia, Africa, and even the Soviet bloc. There are few British Columbia export commodities for which close substitutes cannot be found in at least one of these regions, e.g. timber and metals from Scandinavia, metals from Africa, and coal and energy-based

products from COMECON. In addition, West European growth has, for the last decade or more fallen well behind that of Japan and even the United States. The growth slowdown has been concentrated in such basic industries as steel and chemicals. In the effort to transform the industrial base to one of more rapid growth, industries intensive in raw materials usage are losing out to R&D and skill-intensive activities. Such developments may well have serious implications for the long term B.C. export outlook in Europe.

A final major consideration is the growing complexity and internal focus of EEC decision making as enlargement proceeds and as the policy areas subject to Community-wide jurisdiction are extended. With its enlargement to ten, and as of January 1, 1986 to twelve member states, the task of generating policies that are acceptable on a Community-wide basis and that reconcile often widely varying national interests has become increasingly difficult. The practice of package brokering, which involves the linkage of separate national concessions in often loosely related areas, is increasingly being relied upon by the Commission to expedite agreement on wide-ranging and complex policy measures.

As far as Canada and British Columbia are concerned, the risk inherent in this process is that relatively peripheral and informal trade links may increasingly be caught in the net of such measures and be overridden by the claims of more pressing special national producer interests. For example, in arguing for a substantial reduction last year in the tariff-free newsprint quota, the EEC was certainly influenced far more by the market concerns of just one member state, i.e. Italy, than by the "traditional" Canadian supplier argument put forward by the United Kingdom. Similarly, past efforts to obtain more liberal market access for plywood exports have been stymied by forceful French representations on behalf of its one producer. With the

accession of Spain and Portugal, the future frequency of such trade-threatening special-interest pleading will, in all likelihood, increase.

In light of these trends, many of which have been present for some time, British Columbia exporters have done remarkably well over the past decade in maintaining a European market presence. Programs such as the Cooperative Overseas Market Development Program (COMDP), involving industry and the Provincial and Federal Governments and aimed at diversifying overseas lumber markets, have played a major role in this success. The pressures are however mounting, and a continued and serious commitment to this market on the part of both government and business is more than ever required. The precedent for future sales may be the further and wider cultivation of particular market segments, as has been done in the promotion efforts relating to wood frame building techniques. More emphasis on promotion of further processed resource products may also be needed. Provincial initiatives will include a new series of trade and investment missions into Western Europe.

These efforts will also need to be supplemented at the Federal trade policy level in using the GATT/Multilateral system to manage Canadian trade policy interests vis-a-vis Europe. Movement towards a new trading round will provide an opportunity to improve and extend this process. In particular, any general lowering of tariffs on industrial and further processed goods will benefit B.C. exports by narrowing the margin of preference currently enjoyed by suppliers such as EFTA.

In recognition of the increasing importance of offshore markets to the British Columbia economy, this publication seeks to provide country profiles and general background information to those in the business community with an interest in European

trade. Most of the information in this publication was prepared within the last twelve months for provincial economic missions and visits by foreign delegations and is provided as part of the Provincial Government's general trade promotion activities.

AUSTRIA FACT SHEET

Head of State:	President Rudolf Kirchschlager
Chancellor:	Fred Sinowatz
Government:	Coalition: Socialist Party and Freedom Party (Liberal Party)
Population (end 1982):	7.6 million
Area:	83,853 sq. kilometres
Capital:	Vienna
Major Cities (1981 population):	Vienna 1,531,346 Graz 243,405 Linz 197,962 Salzburg 138,213 Innsbruck 116,100
Gross Domestic Product (1983 estimate):	US $67.4 billion
GDP Growth Rate:	1982: 1.1%; 1983: 1.9%
Labour Force (1982):	3.3 million
Unemployment Rate (1983):	4.2% (3.5% 1982)
Inflation (consumer prices, 1983):	3.3% (5.4% 1982)
Exports (1983):	US $15.4 billion
Imports (1983):	US $19.4 billion

I. AUSTRIA OVERVIEW

A. GEOGRAPHY AND POPULATION

1. Austria covers an area of almost 84 thousand square kilometres. The climate varies sharply due to great differences in elevation, with the mean annual temperature between 7°C and 9°C.

2. The population of Austria is approximately 7.6 million, giving the country a population density of 90 inhabitants per square kilometre. Ninety-nine percent of Austrians are native German speakers. The capital city is Vienna (population 1,530,000), while other major cities include Graz (243,000), Linz (198,000), Salzburg (138,000), and Innsbruck (116,000).

B. GOVERNMENT

1. Austria is a federal republic. The Head of State is the President, directly elected to a 6-year term. The President, who may not serve more than two successive terms, has mainly representative functions. The current President is Dr. Rudolf Kirchschlager.

2. Austria's Parliament, the Federal Assembly, is composed of two houses - a lower house, the National Council (Nationalrat), and an upper house, the Federal Council (Bundesrat). The Head of Government is the Chancellor - the leader of the party controlling the National Council. The current Chancellor is Dr. Fred Sinowatz, who heads a coalition government consisting of the Socialist Party and the Freedom (Liberal) Party.

3. The National Council is composed of 183 members elected for four-year terms from nine electoral districts through a complex system of proportional representation. The Federal Council is composed of 63 members elected for terms of four to six years by the nine provincial legislatures. Virtually all legislative authority rests with the National Council; the Federal Council reviews and can delay, but not veto, legislation.

4. The most recent elections were held in April, 1983. The Socialist Party won 90 seats in the National Council while the People's Party won 81 and the Freedom Party 12. In the Federal Council in 1983 the Socialist Party had 31 members and the People's Party 32.

5. Austria's nine lander (Federal States) each elect a Provincial Assembly (legislature) which, in turn, elects a governor. The Federal States have responsibilities in the fields of welfare and local administration. Communal Councils exist at a more local level.

II. AUSTRIA - THE ECONOMY

A. DOMESTIC ECONOMY

1. In 1983 Austria's economy began to recover from the prolonged stagnation of the previous two years. Real gross domestic product fell by 0.1% in 1981 and grew by only 1.1% in 1982. In 1983, real GDP, stimulated by increased export demand, grew by 1.9%. The forecast for 1984 indicated that the recovery would be sustained, led by further export demand and domestic investment; real GDP was expected to grow by around 2.5%.

2. The Government's overriding priority is the maintenance of a high level of employment. This priority shapes the stance of fiscal policy; counter-cyclical demand management is used to smooth out fluctuations in growth and, consequently, prevent sharp rises in the unemployment rate. Expansionary fiscal policy, since the first oil crisis, enabled Austria to maintain an unemployment rate among the lowest in the OECD. However, slow growth in the economy at the beginning of the 1980's caused the unemployment rate to rise - unemployment stood at 2.4% in 1981, 3.7% in 1982 and 4.2% in 1983. Forecasts for 1984 indicated an unemployment rate of around 4.75%.

3. The Government's initial reaction to rising levels of unemployment was to pursue expansionary fiscal policy as outlined in the 1982 and 1983 budgets. However, the high degree of public sector indebtedness, forced by these budgets, reached the point where the use of countercyclical demand management became limited. As a result, the 1984 budget was one of austerity and consolidation.

4. Inflation has been on a downward trend since the start of the 1980's. In 1981 the inflation rate stood at 6.8% while in the two subsequent years it fell to 5.4% and 3.3%, respectively. However, increases in the value-added tax at the start of 1984 should result in an inflation in the order of 5.5% for 1984.

5. Industry (manufacturing and mining) accounted for 27% of Austria's GDP in 1982. Major industries include iron and steel, chemicals, capital equipment, and external goods. Agriculture, forestry, and fishing accounted for a further 4% of 1982 GDP, with construction accounting for 8%. Most of the remainder was derived in the services sector.

B. EXTERNAL ECONOMY

1. Austria's total exports in 1983 amounted to US $15.4 billion, approximately 22.8% of GDP. Imports were valued at US $19.4 billion in the same year. Austria consistently runs a deficit in its merchandise trade.

2. West Germany is by far the leading market for Austria's exports - in 1983 West Germany accounted for 30.8% of Austria's exports. Other leading markets include Italy (8.9%), Switzerland (6.8%), the United Kingdom (4.1%), the USSR (3.9%), and France (3.8%).

3. West Germany is also the leading source of imports into Austria, accounting for 41.4% of Austria's total imports in 1983. Other leading import sources include Italy (9.2%), USSR (4.3%), France (4.1%), Japan (3.5%), and the United States (3.4%).

4. Austria's major exports and imports by commodity group for 1982 are as follows:

	% of Total Exports	% of Total Imports
Food, drink, tobacco	4.5	6.3
Raw materials	6.6	7.0
Mineral fuels, energy	1.6	16.1
Chemicals	9.0	10.0
Machinery and transport equip.	29.5	27.8
Other	48.8	32.8
Totals	100.0	100.0

Source: Austria: OECD Economic Surveys, OECD, 1984.

III. CANADA-AUSTRIA TRADE RELATIONSHIP

1. In 1983 two-way trade between Canada and Austria amounted to $158.1 million with a trade surplus of $58.1 million in Austria's favour. Canada accounted for 0.6% of Austria's exports and 0.3% of its imports in 1983, while Austria accounted for 0.1% of both Canada's exports and imports.

2. Canadian exports to Austria were valued at $50.0 million in 1983, an increase of 20.8% from the 1982 level. Leading exports include unmanufactured asbestos ($9.8 million in 1983), wood pulp ($7.7 million), iron ores and concentrates ($6.0 million), synthetic rubber and plastic materials ($3.3 million), and other metals in ores, concentrates and scrap ($2.9 million).

3. Canadian imports from Austria in 1983 were valued at $108.1 million, an increase of 17.6% from the 1982 level. Leading imports include sporting and recreation equipment ($11.4 million), drilling machinery and drill bits ($6.0 million), fruit juices and concentrates ($5.3 million), and plastics and chemical industry machinery ($4.4 million).

CANADIAN EXPORTS TO AUSTRIA

	(C$ thousands) 1982	1983
Asbestos, unmanufactured	5,511	9,781
Wood pulp	4,597	7,720
Iron ores and concentrates	2,795	6,035
Synthetic rubber & plastic materials	4,478	3,321
Other metals in ores, concentrates & scrap	3,323	2,900
Other end products	2,227	2,523
Telecommunication & related equipment	1,412	1,792
Motor vehicles	2,062	1,538
Lumber	497	1,330
Medical, ophthalmic & orthopaedic supplies	1,676	1,177
Other	12,856	11,874
Totals	41,434	49,991

Source: Statistics Canada

CANADIAN IMPORTS FROM AUSTRIA

	(C$ thousands) 1982	1983
Sporting & recreation equipment	9,436	11,379
Drilling machinery & drill bits	3,546	5,973
Fruit juices & concentrates	1,015	5,301
Plastics & chemical industry machinery	3,266	4,353
Other basic hardware	1,830	3,713
Outerwear, except knitted	1,641	2,948
Other special industry machinery	2,951	2,771
Dairy produce, eggs and honey	3,786	2,653
Yarn and thread	962	2,286
Organic chemicals	1,982	2,240
Other	61,476	64,486
Totals	91,891	108,103

Source: Statistics Canada

IV. BRITISH COLUMBIA-AUSTRIA TRADE RELATIONSHIP

1. British Columbia's exports to Austria were valued at $11.2 million in 1983, an increase of 41.5% from the 1982 level. The leading exports from British Columbia in 1983 included wood pulp ($5.8 million), molybdenum in ores, concentrates and scrap ($2.9 million), asbestos milled fibres ($1.4 million), and lumber ($0.7 million).

EXPORTS OF BRITISH COLUMBIA PRODUCTS TO AUSTRIA

	(C$ thousands)	
	1982	1983
Wood pulp	4,640.8	5,761.6
Molybdenum in ores, concentrates and scrap	1,036.4	2,900.4
Asbestos milled fibres	1,014.0	1,414.2
Lumber	451.8	704.8
Shingles and shakes	43.0	116.2
Millwork, nes	127.8	95.4
Wood fabricated materials, nes	31.2	66.7
Medical & related instruments, equipment & parts, nes	—	43.3
Basic hardware, nes	14.7	38.5
Cedar siding	--	32.3
Other	585.3	69.1
Totals	7,945.0	11,242.5

BELGIUM FACT SHEET

Head of State:	King Baudouin I
Prime Minister:	Wilfried Martens
Government:	Coalition: Dutch and French speaking Social Christians and Liberals
Population (1983):	9.9 million
Area:	30.5 thous. sq. kilometres
Capital:	Brussels
Major Cities (1982 urban population):	Brussels 989,877 Antwerp 490,524 Ghent 236,540 Liege 207,496
Gross Domestic Product (1983):	US $82.0 billion
GDP Growth Rate:	1982: 1.1%; 1983: 0.5%
Labour Force (1982):	4.2 million
Unemployment Rate (1983):	14.5%
Inflation (consumer prices, 1983):	7.7%
Exports (1983):	US $51.5 billion
Imports (1983):	US $54.9 billion

I. BELGIUM: OVERVIEW

A. GEOGRAPHY AND POPULATION

1. Belgium covers an area of 30.5 thousand square kilometres. It is one of the smallest countries in Europe, with its two furthest points being only 280 kilometres apart. The climate, influenced by the North Sea, is cool, temperate and rainy.

2. The population of Belgium is approximately 9.9 million (1982), giving the country a population density of 324 inhabitants per square kilometre, the second highest in Europe (after the Netherlands). Approximately 57% of the population speaks Dutch, 33% speaks French, 10% are legally bilingual, and less than 1% speak German. Brussels is the capital city (population 989,877) while other major cities include Antwerp (490,524), Liege (207,496), and Ghent (236,540).

B. GOVERNMENT

1. Belgium is a parliamentary democracy with a constitutional monarch. Head of State is King Baudouin I. Head of Government is the Prime Minister; the current Prime Minister is Wilfried Martens.

2. Belgium has a bicameral parliament consisting of the Senate and the House of Representatives. The Senate consists of 181 senators: 106 elected by direct vote, 50 elected by provincial councils, and the remaining 25 elected by fellow senators. The House of Representatives has 212 members, all elected directly through a complex system of proportional representation. Elections are held at least every four years.

3. In Belgium, the three main political ideologies, socialist, social-Christian, and conservative, are each divided linguistically into separate parties. Thus, there are the Dutch and French-speaking Social Christian Parties (C.V.P. and P.S.C.), Dutch and French-speaking Liberal Parties which are conservative in ideology (P.V.V. and P.R.L.), and Dutch and French-speaking Socialist Parties (S.P. and P.S.). In addition, there are several smaller parties representing strict linguistic interests, communists, and ecologists.

4. Prime Minister Wilfried Martens (C.V.P.) heads a four-party coalition government made up of the Dutch and French-speaking Social Christians and Liberals. The coalition controls 113 of the 212 seats in the House of Representatives. The two socialist parties, the main opposition, control 61 of the seats.

5. Belgium is composed of 9 provinces and, at a more local level, 589 communes which enjoy a large degree of autonomous government. Communes are governed by communal councils, elected every six years through a proportional representation system.

II. BELGIUM - THE ECONOMY

A. DOMESTIC ECONOMY

1. Belgium's economy has performed poorly since 1980. Real gross domestic product fell by 1.1% in 1981 before rebounding in 1982 to register growth of 1.1%. However, the growth rate fell back to only 0.5% in 1983. Unemployment is among the highest in OECD countries; unemployment rates for 1982 and 1983 were, respectively, 13.1% and 14.5%. Inflation stood at 8.7% in 1982 and 7.7% in 1983.

2. The economy's poor performance was the result of a number of factors. The international recession of the early 1980's had a severe impact on Belgium as the country is heavily dependent on foreign trade (exports account for over 60% of GDP). As well, there were internal imbalances: a large public sector deficit, industrial production not properly adjusted to demand, and rapid rises in real wages due to a rigid system of wage indexation.

3. In 1982 the Government introduced a number of policies aimed at restoring balanced economic growth. The Government's objectives were to reduce public sector borrowing and, hence, the deficit and to reallocate resources from the consumer/wage-earner to the corporate sector. The measures undertaken included devaluation of the Franc, de-indexing of salaries and wages (since reintroduced), and lowering of corporation tax.

4. The Government's program has met with some success - a lower external deficit and increased competitiveness in the corporate sector. However, as of the beginning of 1984, the public sector deficit had not been brought under control and unemployment had continued to rise. Consequently, in March 1984 the Government committed itself to further austerity measures.

5. The outlook for Belgium's economy depends mainly on the health of the economies of Belgium's trading partners. Due to the dampening effect of the Government's austerity program on domestic demand, the export sector is the only engine of growth for the Belgian economy at this time. While inflation is expected to decline to around 6.5% in 1984, real GDP is forecast to grow by only 1.5% while the unemployment rate will continue to be around 14.5%.

6. Belgium's gross domestic product by origin is as follows:

	% of 1983 GDP
Agriculture, forestry, fishing	2.4
Mining & quarrying	0.5
Manufacturing	24.4
Construction	5.7
Electricity, gas and water	3.5
Trade, transport, communications	27.2
Financial services & insurance	5.6
Dwellings	5.6
Public administration and defense	8.3
Miscellaneous services	20.2
Statistical adjustment	(-3.4)
Total	100.0

Source: Belgium/Luxembourg: OECD Economic Surveys, OECD, 1984

B. EXTERNAL ECONOMY

1. Belgium's economy is heavily dependent on foreign trade - in 1983 exports accounted for 63.2% of GDP. In 1983 exports amounted to US $51.5 billion with imports valued at US $54.9 billion. Belgium consistently runs a deficit in its foreign trade.

2. Approximately 70% of Belgium's total exports in 1983 went to other countries in the EEC. West Germany is the leading individual export market, accounting for 21.3% of Belgium's total exports in 1983, followed by France (18.2%), the Netherlands (14.3%), the United Kingdom (9.7%), and the United States (5.1%).

3. Other countries in the EEC accounted for 67% of Belgium's 1983 imports. Individually, West Germany is the leading source of imports (21.1%) followed by the Netherlands (18.1%), France (14.4%), the United Kingdom (8.5%), and the United States (6.8%).

4. Belgium's major exports and imports by commodity group for 1983 were as follows:

	% of Total Exports	% of Total Imports
Food and live animals	9.4	11.1
Beverages and tobacco	0.8	1.2
Crude materials, inedible, except fuels	2.7	7.5
Mineral fuels, lubricants & related materials	9.0	17.9
Animal & vegetable oils & fats	0.5	0.5
Chemicals	12.8	9.7
Manufactured goods classified chiefly by material	32.8	20.9
Machinery & transport equipment	24.0	22.8
Misc. manufactured articles	7.7	8.2
Other	0.3	0
Total	100.0	100.0

Source: Belgium/Luxembourg: OECD Economic Surveys, OECD, 1984

III. CANADA-BELGIUM TRADE RELATIONSHIP

1. In 1983 two-way trade between Canada and Belgium amounted to $996.1 million (Canada-Belgium trade statistics include Canada-Luxembourg trade). Canada traditionally runs a large trade surplus with Belgium - in 1983 this surplus amounted to $404.1 million. Canada accounted for only 0.4% of Belgium's 1983 exports and 0.6% of its imports, while Belgium accounted for 0.8% of Canada's exports and 0.4% of its imports.

2. Exports from Canada to Belgium were valued at $700.1 million in 1983, 9.4% below the 1982 level. Important exports include zinc in ores, concentrates and scrap, wood pulp, nickel and alloys, barley, and precious metals in ores, concentrates and scrap.

3. Canadian imports from Belgium amounted to $296.0 million in 1983, an increase of 12.3% from the 1982 level. Natural and synthetic gemstones is the largest import, valued at $61.6 million in 1983. Other important imports include structural shape, steel and sheet piling, organic chemicals, and unexposed photographic film and plates.

CANADIAN EXPORTS TO BELGIUM

	(C$ millions) 1982	1983
Zinc in ores, concentrates and scrap	112.1	139.9
Wood pulp	51.4	61.4
Nickel and alloys	20.8	49.8
Barley	36.9	46.7
Precious metals in ores, concentrates & scrap	21.6	32.5
Lumber	31.6	28.6
Other metal in ores, concentrates & scrap	62.3	28.2
Paperboard	19.0	25.3
Nickel in ores, concentrates and scrap	40.6	18.5
Sulphur	12.9	14.8
Other	363.9	254.4
Total	773.1	700.1

Source: Statistics Canada
(includes trade with Luxembourg)

CANADIAN IMPORTS FROM BELGIUM

	(C$ millions) 1982	1983
Natural & synthetic gemstones	49.1	61.6
Structural shapes, steel & sheet piling	12.0	21.0
Organic chemicals	20.2	18.8
Unexposed photographic film & plates	13.1	17.4
Other petroleum & coal products	15.3	11.4
Yarn and thread	9.2	10.0
Aluminum, including alloys	14.1	9.4
Plastics materials, not shaped	0.6	8.1
Plate, sheet and strip, steel	8.4	8.0
Power shovels	1.4	7.8
Other	120.1	122.5
Total	263.5	296.0

Source: Statistics Canada
(includes trade with Luxembourg)

IV. BRITISH COLUMBIA-BELGIUM TRADE RELATIONSHIP

1. British Columbia's exports to Belgium in 1983 amounted to $162.6 million, 6.9% below the 1982 level. Wood pulp is the leading export to Belgium, amounting to $51.2 million in 1983. Other leading exports include linerboard, molybdenum, lumber, plywood, and silver in ores and concentrates.

BRITISH COLUMBIA EXPORTS TO BELGIUM*

	(C$ millions)	
	1982	1983
Wood pulp	46.3	51.2
Linerboard	19.0	25.0
Molybdenum in ores, concentrates & scrap	38.9	19.8
Lumber	23.4	19.7
Plywood	12.4	12.7
Silver in ores and concentrates	6.5	10.8
Wrap paper	8.5	7.6
Salmon, frozen	3.1	3.4
Salmon, canned	5.6	2.4
Asbestos milled fibres	1.3	2.3
Other	9.7	7.7
Total	174.7	162.6

* Includes trade with Luxembourg

DENMARK FACT SHEET

Head of State:	Queen Margrethe II
Government:	Coalition: Conservative People's Party Liberal Venstre Party Central Democratic Party Christian People's Party
Prime Minister:	Mr. Poul Schluter (Conservative Party)
Population (1982):	5.1 million
Area:	43,075 square kilometres
Capital:	Copenhagen
Major Cities (1982 population):	Copenhagen 645,000 Aarhus 247,000 Odense 170,000 Aalberg 154,000
Gross Domestic Product (1983 estimate):	US $56.0 billion
GDP Growth Rate:	1982: 3.1%; 1983: 2.5%
Labour Force (1982):	2,694,000
Unemployment Rate (1983):	10.6%
Inflation (consumer prices, 1983):	6.9%
Exports (1983):	US $16.0 billion
Imports (1983):	US $16.2 billion

I. DENMARK: OVERVIEW

A. GEOGRAPHY AND POPULATION

1. The Kingdom of Denmark consists of Metropolitan Denmark (the Jutland Peninsula and some 400 small islands), Greenland, and the Faroe Islands. Metropolitan Denmark, covering an area of 43,075 square kilometres, is strategically located at the mouth of the Baltic Sea. The climate is temperate with mild winters and cool summers.

2. The population of Denmark, excluding Greenland and the Faroe Islands, is 5.1 million, giving the country a population density of 119 inhabitants per square kilometre. Major cities include the capital, Copenhagen, Aarhus, Odense, and Aalberg.

B. GOVERNMENT

1. Denmark is a constitutional monarchy. Head of State is Queen Margrethe II. Legislative authority lies with the unicameral Parliament (the Folketing) which consists of 179 members elected by proportional representation every four years.

2. The current Prime Minister is Poul Schluter of the Conservative Party. The Conservative Party forms a coalition government with the Liberal Party, the Central Democratic Party, and the Christian People's Party. The coalition relies on support from the Progress Party and Radical Venstre Party which hold the balance of power. The next general election is scheduled for December, 1985.

3. Party standings in the current Parliament are as follows:

Party	No. of Seats	Party	No. of Seats
Social Democrats	59	Radical Liberals	9
Conservatives	26	Left Socialists	5
People's Socialists	21	Christian People's Party	4
Liberals	20	Greenland & Faroe Islands	4
Progressive Party	16	Total	179
Centre Democrats	15		

4. At the local level, there are 14 counties with elected councils and 275 municipalities, also with elected councils. Greenland and the Faroe Islands enjoy home rule through separate legislatures and executives that deal with specified domestic matters. Their foreign affairs and defence are handled by the Danish Government.

II. DENMARK - THE ECONOMY

A. DOMESTIC ECONOMY

1. Denmark's economy has performed relatively strongly over the past two years. After growing by only 0.2% in 1981, Denmark's real GDP grew by about 3.1% in 1982 and by 2.5% in 1983.

2. Faced with strong inflationary pressures, increasing unemployment, a widening of the current external deficit due to relatively strong domestic demand combined with depressed demand world-wide (the foreign debt stands at almost 33% of GDP), and an increasing budget deficit (at 13% of GDP), the government introduced a new economic program in late 1982 aimed at stabilizing the economy. This program involved a freeze on the indexation of wages, salaries and most transfer payments (such as unemployment benefits) in an attempt to break the strong link between wages and prices. As well, a ceiling was placed on wage increases in the public sector and the maximum amount of unemployment and sickness benefits was frozen at the existing rates.

3. The government envisaged its new program as the first stage of a medium-term strategy aimed at improving competitiveness in international markets and decreasing the public sector deficit in order to create a climate for sustained economic growth.

4. In light of the economy's recent performance, it appears that the Government's program has been quite successful. As noted, real GDP grew by 2.5% in 1983 and forecasts for 1984 indicate growth of around 2.8%. Inflation has been brought under control at 6.9% in 1983, down considerably from 10.1% in 1982; further declines are forecasted for 1983 to about 5.5%. The increase in the unemployment rate, from 9.8% in 1982 to 10.6% in 1983 also appears to have been brought under control and unemployment is expected to fall slightly to the 10.5% range in 1984.

5. Gross domestic product by industry of origin (1982) is as follows:

	% of GDP
Agriculture and hunting	5.5
Forestry and logging	0.4
Mining and quarrying	0.7
Fishing	0.5
Manufacturing	18.7
Electricity, gas and water	2.0
Construction	5.3
Transport, storage, and communication	8.0
Wholesale & retail trade, restaurants & hotels	15.2
Finance, insurance, real estate & business services	17.2
Other services, incl. government services	29.8

Source: The Europa Year Book 1984
Europa Publications Ltd., 1984

B. EXTERNAL ECONOMY

1. Exports account for close to one-third of Denmark's GDP. Danish exports were valued at US $16.0 billion in 1983, while imports amounted to US $16.2 billion.

2. West Germany is the leading market for Denmark's exporters, accounting for 17.2% of exports in 1983. Other important markets include the United Kingdom (13.5%), Sweden (10.5%), the United States (7.4%) and Norway (6.4%).

3. West Germany is also the leading source of imports for Denmark, accounting for 20.0% of imports in 1983. Other important import sources include Sweden (13.2%), the United Kingdom (10.6%), Netherlands (5.9%), and the United States (5.6%).

4. Denmark's main exports and imports by commodity group are as follows (1982):

	% of Total Exports	% of Total Exports
Food and live animals	30	9
Crude materials (inedible) except fuels	7	5
Mineral fuels, lubricants	3	22
Chemicals & related products	8	10
Basic manufactures	12	19
Machinery & transport equipment	24	21
Miscellaneous manufactures	13	9
Other	3	5

Source: The Europa Year Book 1984,
Europa Publications Ltd., 1984

III. CANADA-DENMARK TRADE RELATIONSHIP

1. Two-way trade between Canada and Denmark amounted to $203.5 million in 1983, 4.1% below the 1982 level. A trade surplus of $70.3 million in 1983 was in Denmark's favour; Canada has run a deficit net trade balance with Denmark every year since 1965. Canada accounted for only 0.7% of Denmark's total exports in 1983 and 0.5% of its total imports, while Denmark accounted for only 0.1% of Canada's exports and 0.2% of its imports.

2. Canadian exports to Denmark amounted to $66.6 million in 1983, a decrease of 20% from 1982. Coal is the major export to Denmark, accounting for 23% ($15.0 million) of total exports. Other important exports include plywood ($6.8 million), asbestos ($6.3 million), and fresh or frozen fish ($5.1 million).

3. Canadian imports from Denmark were valued at $136.9 million in 1983, 6.1% above the 1982 level. The major imports from Denmark in 1983 were undressed fur skins ($23.0 million), dairy produce, eggs and honey ($16.2 million), and furniture and fixtures ($12.8 million).

CANADIAN EXPORTS TO DENMARK

	(C$ thousands) 1982	1983
Coal and other crude bitumin substances	18,993	14,992
Plywood	8,626	6,799
Asbestos, unmanufacturered	4,628	6,258
Fish, whole or dressed, fresh or frozen	4,897	5,144
Office machines and equipment	3,214	3,413
Synthetic rubber and plastic materials	2,750	3,256
Crude vegetable products	5,010	2,557
Other crude animal products	1,596	1,894
Wood pulp	2,807	1,702
Other chemical products	683	1,688
Other	30,108	18,905
TOTAL:	83,312	66,608

CANADIAN IMPORTS FROM DENMARK

	(C$ thousands) 1982	1983
Fur skins, undressed	22,299	23,005
Dairy produce, eggs and honey	16,875	16,179
Furniture and fixtures	9,172	12,777
Other agricultural machinery and equipment	3,664	5,128
Organic chemicals	4,126	5,115
Other cereals and cereal preparations	3,052	4,631
Other foods and materials for foods	1,808	3,002
Other chemical products	2,211	2,896
Other telecommunication and related equipment	2,258	2,746
Miscellaneous equipment and tools	1,785	2,611
Other	61,773	58,835
TOTAL:	129,023	136,925

Source: Statistics Canada.

IV. BRITISH COLUMBIA-DENMARK TRADE RELATIONSHIP

1. British Columbia's exports to Denmark amounted to $29.0 million in 1983, a decline of 15.7% from 1982. Coal is by far the major export, amounting to 51.7% of the total in 1983. Other important exports include plywood, frozen salmon, and wood pulp.

BRITISH COLUMBIA EXPORTS TO DENMARK

	(C$ thousands) 1982	1983
Coal	17,556.0	14,992.4
Plywood	8,625.0	6,799.3
Salmon, frozen	4,745.3	5,026.4
Wood pulp	2,737.4	1,701.9
Lumber	77.8	173.4
Salmon, canned	114.8	69.1
Salmon, fresh	133.4	64.2
Hardboard	9.4	31.0
Winches and windlasses	145.1	29.7
Parts and accessories for ships, and boats, nes	17.4	25.3
Other	257.8	110.9
Total:	34,419.4	29,023.6

DENMARK: COAL SECTOR

COAL DEMAND

1. Metallurgical

Denmark does not have blast furnace steel production or coke ovens. It produces about 0.6 million tonnes of steel in electric furnaces not using coal. Small quantities of coke used in foundries and other industries (about 70,000 tonnes) are imported from EEC countries.

2. Thermal

Denmark used about 9 million tonnes of thermal coal in 1983:

Power stations - 8.2 million tonnes
Cement - 0.6 million tonnes
Domestic Sector - 0.25 million tonnes

The country has an active oil replacement program and coal use has increased dramatically in the power generation sector. Coal use is expected to increase further, however, natural gas from the North Sea sector of Denmark

has been developed and is currently in surplus. As a result, the gas lobby is pressing for more use of domestic gas. This may reduce growth in coal use.

COAL SUPPLY

There is no coal production in Denmark (with exception of about 0.6 million tpy mined in Greenland). All thermal coal used is therefore imported; of the 9 million tonnes, about 2 million tonnes is from EEC (all from U.K.).

Imports in 1983 were as follows:

United States	2.2 million tonnes
Canada	0.4
Australia	0.2
South Africa	3.0
Poland	0.9
USSR	0.6
United Kingdom	1.9
Total	9.2

Westar Mining shipped 330,000 tonnes of thermal coal to Denmark in 1982, and 346,000 tonnes in 1983. Westar has a long term contract with one of the power utilities, Elkraft, which currently calls for shipments of 400,000 tonnes per year.

FINLAND FACT SHEET

President of the Republic:	Dr. Mauno Koivisto
Government:	Coalition: Social Democrats, Centre Party, Rural Party, Swedish People's Party
Prime Minister:	Mr. Kalevi Sorsa (Social Democrat)
Population (end-1982):	4.8 million
Area:	337,000 square kilometres
Capital:	Helsinki
Major Cities (1982 population):	Helsinki 484,000 Tampere 167,000 Turku 164,000
Gross Domestic Product (1983 estimate):	US $47.8 billion
GDP Growth Rate:	1982: 2.5%; 1983: 3.0%
Labour Force (1982):	2.6 million
Unemployment Rate (1983):	6.1%
Inflation (1983):	8.5%
Exports (1983):	US $12.5 billion
Imports (1983):	US $12.8 billion

I. FINLAND: OVERVIEW

A. GEOGRAPHY AND POPULATION

1. Finland, covering an area of 337 thousand square kilometres, is the world's second most northerly country, exceeded only by Iceland. About one-third of the total length of Finland lies north of the Arctic Circle.

2. Finland's climate varies a good deal over the country, from long, cold winters in the north to milder seasons in the south where the Gulf Stream and general air currents give rise to average temperatures considerably higher than in other countries of similar latitude. Approximately 57% of Finland is covered with forests; water covers 9% of the land and cultivated land covers 8%.

3. Population of Finland is 4.8 million, giving the country a population density of 14.3 inhabitants per square kilometre. The majority of the people live in the south and south-west. Approximately 40% of the population inhabit rural areas with the other 60% living in towns and urban districts.

B. GOVERNMENT

1. Finland is a sovereign republic with a President elected every six years by an Electoral College consisting of 301 members elected by the citizens. The current President is Dr. Mauna Koivisto, elected in January, 1982.

2. The Finnish Parliament consists of one chamber of 200 members. There are fifteen electoral districts with Parliament being elected by a direct and proportional representation system. Each Parliament is elected for four years but can be dissolved earlier by the President. The last general election was held in March 1983.

3. The Prime Minister is Kalevi Sorsa of the Social Democratic Party. The Social Democratic Party forms a coalition government along with the Centre Party, the Rural Party, and the Swedish People's Party. The current Parliament is composed of the following:

Party	No. of Seats
Social Democratic Party	57
Centre Party	38
Rural Party	17
Swedish People's Party	10
National Coalition Party	44
People's Democratic Party	26
Christian League	3
Greens	2
Others	3
Total	200

4. At the local level, Finland is divided into 12 provinces and 461 municipalities. The State is responsible for the administration of the provinces; each province is headed by a Governor appointed by the President.

5. The 461 municipalities ('communes') are divided into 84 urban communes and 377 rural communes. The administration of the communes is based on local self-government; each has a communal council elected for terms of four years. Each commune raises taxes independent of state taxation and administers local planning, roads and harbours, sanitary service, education, health services and social aid.

6. Finland's foreign policy is based on strict neutrality. Finland maintains close ties with both East and West. In June 1983, Finland and the USSR renewed their 1948 Treaty on Co-operation, Friendship and Mutual Assistance for another twenty years.

II. FINLAND - THE ECONOMY

A. DOMESTIC ECONOMY

1. In 1979 and 1980 Finland's economy grew at rates that were among the highest of industrialized nations; real GDP grew by 7.6% and 6.0%, respectively, in these two years. Growth slowed considerably in the early 1980's, although real GDP growth rates of 1.3% in 1981, 2.5% in 1982 and 3.0% in 1983 compare favourably with growth in other industrialized countries.

2. Domestic consumption was the main propellant to economic growth in 1982 as exports stagnated. However, in 1983 growth was spurred by increased exports as a result of the slight growth in demand in other industrialized countries. Along with the higher rate of GDP growth in 1983, industrial production increased by 1.5% from 1982, a year in which it fell by 1.5%.

3. Finland's relatively favourable economic performance has in large part been due to the country's external competitiveness and its adaptation to the slower rate of growth and the changing pattern of world demand. These factors have been manifested in the ongoing diversification of Finland's industrial base. The metal and engineering sectors have grown in importance to the point where they now rival the country's traditional wood and paper industries.

4. Finland's gross domestic product by industry of origin is as follows (1982):

	% of GDP		% of GDP
Agriculture, hunting, forestry & fishing	9.4	Wholesale & retail trade, restaurants & hotels	9.5
Mining & quarrying	0.5	Finance, insurance real estate & business services	13.0
Manufacturing	27.0	Producers of government services	14.1
Electricity, gas & water	2.8	Other community, social & personal services	2.0
Construction	7.3	Correction items	7.8
Transport, storage & communication	6.6		100.0

Source: Finland: OECD Economic Survey, OECD, 1983

5. Unemployment in Finland has risen in recent years, although it remains slightly below the average of the industrialized nations. The unemployment rate stood at 6.1% in 1983, an increase from the 1982 level of 5.8% and the 1981 level of 5.1%. The rise in unemployment has come about as a result of the slower rates of economic growth combined with an expansion in the labour force.

6. The inflation rate has come down from a level of 12.0% in 1981 to 8.5% in 1983 but remains above the average in industrialized countries. The high inflation rate, caused mainly by high wage settlements, resulted in a devaluation of the Finnish markka of about 10% in the fall of 1982 in an attempt to bolster Finland's international competitiveness.

7. Finland's public sector deficit, low by international standards, has risen in recent years as the Government has pursued expansionary policies aimed at curbing the rising unemployment rate and providing relief for cost-burdened companies. However, the Government is committed to reducing the deficit over the longer term.

8. The short-term outlook for Finland's economy is positive. Exports are expected to continue to pick up, giving rise to a real GDP growth of about 4.5% in 1984. Industrial production is expected to increase by around 4% in 1984 with unemployment falling to about 5.8%. The inflation rate is expected to fall slightly to around 7.8%.

B. EXTERNAL ECONOMY

1. Exports accounted for 26.2% of Finland's GDP in 1983. Finnish exports in 1983 were valued at US $12.5 billion, with imports valued at US $12.8 billion.

2. The USSR is by far the leading market for Finland, accounting for 26.2% of Finland's total exports in 1983. Other important markets are Sweden (12.3%), the United Kingdom (10.4%), and West Germany (9.5%). The USSR is also the leading import source, accounting for 28% of Finland's 1983 imports. West Germany accounted for 13.3% of 1983 imports and Sweden accounted for 11.2%. There is little scope for increased trade between Finland and the USSR; thus, efforts to expand Finland's foreign trade must be directed towards the West.

3. Finland is an associate member of the European Free Trade Association and has a free trade agreement with the European Economic Community. As well, Finland has signed a cooperation agreement with the COMECON.

4. Finland's main exports and imports by commodity group for 1982 were as follows:

Exports	% of Total	Imports	% of Total
Paper & paper-board	22.2	Machinery, apparatus and appliances	28.3
Wood products	7.3	Mineral fuels, lubricants, etc.	27.4
Wood pulp	4.9	Chemicals	8.7
Machinery & transport equipment	25.2	Food & live animals	6.6
Ships	7.7	Road vehicles	6.3
Clothing	5.0	Crude materials, inedible except fuels	6.0
Foods & live animals	3.0	Textile yarn, fabrics, etc.	3.9
Road vehicles	1.9	Iron and steel	3.2
Other	22.8	Other	9.6
	100.0		100.0

Source: The Statesman's Yearbook, 1984-85, 121st edition, ed. John Paxton, 1984.

III. CANADA-FINLAND TRADE RELATIONSHIP

1. Total two-way trade between Canada and Finland amounted to $162.8 million in 1983 with a trade surplus of $11.2 million in Canada's favour. Canada has enjoyed a trade surplus since 1979, while in the ten preceding years Finland enjoyed a trade surplus. Canada accounted for only 0.6% of Finland's total exports in 1983 and 0.7% of its total imports. Finland accounted for only 0.1% of both Canada's exports and imports.

2. Canadian exports to Finland amounted to $87.0 million in 1983, 21.3% below the level in 1982. Major Canadian exports to Finland include nickel in ores, concentrates and scrap ($25.1 million in 1983), sulphur ($21.9 million), zinc in ores, concentrates and scrap ($5.5 million), and paperboard ($3.7 million).

3. Canadian imports from Finland were valued at $75.8 million in 1983, down 21.4% from 1982. Pulp and paper industries machinery is the major import from Finland, amounting to $12.4 million in 1983. Other major imports include paper and paperboard ($9.1 million), sporting and recreation equipment ($5.4 million), and inorganic chemicals ($5.4 million).

CANADIAN EXPORTS TO FINLAND

	(C$ thousands) 1982	1983
Nickel in ores, concentrates & scrap	21,122	25,076
Sulphur	13,303	21,880
Zinc in ores, concentrates & scrap	5,645	5,492
Paperboard	450	3,746
Motor vehicles	3,521	2,661
Office machines and equipment	1,842	2,392
Other textile fabricated materials	3,533	2,250
Toys, games, sporting, recreation equipment	2,248	1,716
Fish, whole or dressed, fresh or frozen	1,546	1,650
Tobacco	1,019	1,341
Other	56,352	18,748
Total	110,581	86,952

CANADIAN IMPORTS FROM FINLAND

	(C$ thousands) 1982	1983
Pulp & paper industries machinery	29,385	12,383
Paper and paperboard	3,703	9,097
Sporting & recreation equipment	3,749	5,407
Inorganic chemicals	2,417	5,367
Drilling machinery and drill bits	7,109	4,352
Plate, sheet and strip, steel	3,841	3,085
Other measuring, laboratory equipment, etc.	3,184	3,064
Fur skins, undressed	4,581	2,341
Other wood fabricated materials	592	1,423
Plastics materials, not shaped	786	1,388
Other	37,077	27,856
Total	96,424	75,763

IV. BRITISH COLUMBIA-FINLAND TRADE RELATIONSHIP

1. British Columbia's exports to Finland amounted to $1.3 million in 1983, a decrease of 45.8% from the 1982 level. The major British Columbia exports to Finland in 1983 were sulphur, asbestos milled fibres, dies for metalworking machinery, pulp and paper industry machinery and equipment, frozen seafish fillets, and apples and crab-apples.

BRITISH COLUMBIA EXPORTS TO FINLAND

	(C$ thousands)	
	1982	1983
Sulphur, crude or refined	594.6	720.9
Asbestos milled fibres	930.0	159.6
Dies for metalworking machinery, nes	87.8	103.2
Pulp & paper industry machinery & equipment	146.4	46.8
Seafish fillets, frozen	40.9	46.2
Apples and crab-apples, fresh	131.8	42.8
Measuring & controlling instruments, nes	86.9	32.3
Salmon, frozen	65.3	26.4
Asbestos-cement building material	—	22.4
Geophysical mineral prospecting equipment and parts	—	15.9
Other	347.1	80.0
Total	2,430.8	1,296.5

FRANCE FACT SHEET

Head of State:	President M. Francois Mitterand
Government:	Socialist
Prime Minister:	Laurent Fabius
Population (1983):	54.5 million
Area:	549,000 square kilometres
Capital:	Paris
Major Cities (1982 population):	Paris 2,188,918 Marseille 878,689 Lyon 418,476
Gross Domestic Product (1983 estimate):	US $514.9 billion
GDP Growth Rate:	1982: 1.6%; 1983: 0.7%
Labour Force (1983):	23.3 million
Unemployment Rate (1983):	8.1%
Inflation (consumer prices, 1983):	9.6%
Exports (1983):	US $94.9 billion
Imports (1983):	US $105.4 billion

I. FRANCE: OVERVIEW

A. GEOGRAPHY AND POPULATION

1. France is the largest country in Western Europe, covering an area of 549 thousand square kilometres. The climate varies across the country; the north-west has a moderate maritime climate, the south has a Mediterranean climate, and the east has a continental climate.

2. The population of France is 54.5 million, giving the country a population density of 99 inhabitants per square kilometre. The population is more dense in the northern region around Paris. Major cities are Paris, the capital (2.2 million inhabitants), Marseille (0.9 million inhabitants), and Lyon (0.4 million inhabitants).

B. GOVERNMENT

1. France is a presidential republic, with the President elected every seven years by the general population. The current President is Francois Mitterand, elected in 1981, of the Socialist Party.

2. Parliament consists of the National Assembly and the Senate. The 491 members of the National Assembly are elected for five-year terms directly by the general population. The 316 members of the Senate represent the interests of Departments (provinces) and are elected for terms of nine years, one-third every three years, by an electoral college system.

3. Executive power rests with the President who appoints the Prime Minister and other members of the Cabinet. The Prime Minister is responsible for the operation of the Government. The current Prime Minister is Laurent Fabius of the Socialist Party. The Socialist Party has a majority in the National Assembly.

4. At the local level, France is divided into 22 regions responsible for national development work, planning, and budgetary policy. There are 96 departements within the 22 regions and an additional 10 overseas departements and territories. Each departement is governed by a directly elected General Council.

II. FRANCE - THE ECONOMY

A. DOMESTIC ECONOMY

1. The French government has a long standing tradition of extensive involvement in its economy. In addition to sponsoring national plans (7th Economic Plan 1980-85) which are adopted as guidelines for the economy, the government has direct ownership and control of many utilities, essential services and

corporations in key industries, particularly banking, insurance, chemicals, aircraft, transportation, mines (including coal), cigarettes, steel, etc. The new socialist government has furthered this trend by nationalizing five of the most important industrial groups and almost all of the remaining private banks.

2. The Government's nationalization program increased the level of state control such that there are now few industries in which the government is not directly involved either by way of direct ownership or as a client or seller because of linkages between various sectors of the economy. In spite of these changes, Mitterand's nationalization program has not resulted in fundamental changes as the French economy has traditionally been more centralized than other EEC economies.

3. The principal objectives of the Mitterand government have been to reduce inequities in society, control inflation, modernize the production base in order to accelerate growth, reduce unemployment, and put France on a more competitive footing in terms of international trade. A number of fiscal measures have been adopted to further these objectives. Increases in social welfare benefits and redistribution policies were a major feature of the program. Of particular note in terms of industrial policy was the French government's decision to shift emphasis away from programs to assist whole sectors (such as the steel industry) to targeted assistance to individual firms within troubled industries or to individual firms exploiting new technologies. Recapturing the domestic economy was a major objective of assistance to firms producing traded goods. Despite the existence of many large nationalized companies, much aid was directed to small and medium-sized businesses as these were considered vital links in the economy.

4. At the beginning of 1983 it was apparent that policies being pursued by the Government were not meeting with a great deal of success. In 1982 real GDP had grown by only 1.6% while inflation stood at 11.8% and unemployment reached 8.0%. As well, the current payment deficit rose rapidly, external indebtedness grew, the budget deficit widened, as did the trade deficit, and wage costs were rising.

5. In response to the economy's poor performance, the Government initiated a new set of restrictive policies in March 1983. This program combined a devaluation of the Franc with a tightening of monetary and fiscal policy and limits on price increases and incomes. The measures have met with some success: inflation fell to 9.6% in 1983 while public spending slowed substantially and the external deficit was reduced. However, the policies have resulted in slower economic growth - real GDP grew by only 0.7% in 1983 while unemployment stood at 8.1%.

6. The Government believes that the policies being pursued will eventually lead to a more competitive economy. Public spending and the budget deficit will continue to be curbed. Forecasts for 1984 indicate that inflation will continue to fall, to around 7.6%; however, there will be continued slow growth of around 1.2% and unemployment will increase to around the 9.5% range.

7. France is a highly industrialized economy with industry accounting for 35.3% of gross domestic product (1983). Construction accounted for 7.5% of GDP, agriculture accounted for 5.0%, while the service sector accounted for 52.2%.

B. EXTERNAL ECONOMY

1. France is the world's fourth largest exporter and importer (after the U.S., West Germany and Japan). French exports, US $94.9 billion, amounted to 18.4% of France's GDP in 1983. Imports to France in 1983 were valued at US $105.4 billion. France consistently runs a deficit in its foreign trade.

2. Other countries in the EEC accounted for 47.3% of France's exports and 49.7% of its imports in 1983. West Germany, the leading individual export market, accounted for 15% of France's exports in 1983. Other important export markets include Italy (10.3%), Belgium (8.2%), the United Kingdom (7.3%), and the United States (6.0%).

3. West Germany is also the leading source of imports into France, accounting for 17% of French imports in 1983. Other important import sources include Italy (9.9%), Belgium (8.0%), the United States (7.7%), and the United Kingdom (7.0%).

4. France's major exports and imports by commodity group for 1982 are as follows:

	% of Total Exports	% of Total Imports
Food, drink and tobacco	15.9	9.7
Fuels	4.1	26.8
Ferrous metals, ores and scrap	1.2	1.5
Non-ferrous metals & mfrs. of metals	11.0	7.7
Chemicals	12.7	8.6
Automobiles	5.4	3.4
Other transport equipment	9.6	4.1
Professional machinery	20.6	17.6
Other manufactures	9.0	7.9
Household appliances	0.8	1.6
Furniture, clothing, footwear	7.6	8.6
Other exports	2.1	2.5
Total	100.0	100.0

Source: France: OECD Economic Surveys, OECD, 1984

IV. BRITISH COLUMBIA-FRANCE TRADE RELATIONSHIP

1. British Columbia's exports to France were valued at $149 million in 1983, 19.5% below the 1982 level of $185.2 million. Wood pulp is the dominant export from British Columbia to France, amounting to $74.2 million in 1983, almost 50% of the total value of exports. Other important exports are frozen salmon, lumber, and asbestos milled fibres.

BRITISH COLUMBIA EXPORTS TO FRANCE

	(C$ millions)	
	1982	1983
Wood pulp	96.2	74.2
Salmon, frozen	38.5	35.2
Lumber	35.1	19.4
Asbestos milled fibres	4.4	9.6
Plywood	3.9	2.9
Salmon, canned	0.5	2.0
Laboratory optical instruments, equipment and parts, nes	0.1	0.8
Zinc in ores and concentrates	—	0.6
Wrap paper	1.3	0.5
Apples and crab-apples, fresh	0.5	0.4
Other	4.7	3.4
Total	185.2	149.0

III. CANADA-FRANCE TRADE RELATIONSHIP

1. In 1983 two-way trade between Canada and France amounted to $1.5 billion, with a trade surplus of $215 million in favour of France. Canada accounted for only .7% of France's total exports in 1983 and .5% of its imports, while France accounted for 0.7% of Canada's exports and 1.1% of its imports.

2. Canadian exports to France were valued at $626 million in 1983, 11.4% below the 1982 level. Wood pulp is the dominant Canadian export to France, amounting to $114.9 million in 1983. Other important exports include inorganic chemicals, lumber, fish, and wheat.

3. Canadian imports from France were valued at $841.0 million in 1983, 4.1% below the 1982 level. Important imports from France include alcoholic beverages, passenger automobiles, and books and pamphlets.

CANADIAN EXPORTS TO FRANCE

	(C$ millions) 1982	1983
Wood pulp	144.5	114.9
Other inorganic chemicals	36.3	39.6
Lumber	55.5	38.7
Fish, whole or dressed, fresh or frozen	42.0	38.0
Wheat	28.2	33.4
Asbestos, unmanufactured	28.0	29.7
Iron ores and concentrates	28.8	26.7
Copper and alloys	20.6	25.8
Office machines and equipment	21.9	21.2
Other crude non-metallic minerals	20.1	20.8
Other	280.8	237.2
Total	706.7	626.0

CANADIAN IMPORTS FROM FRANCE

	(C$ millions) 1982	1983
Other beverages	89.1	81.1
Passenger automobiles and chassis	82.8	46.8
Books and pamphlets	28.5	33.9
Distilled alcoholic beverages	34.9	28.9
Organic chemicals	23.4	26.9
Other personal and household goods	19.6	25.7
Kitchen utensils, cutlery, tableware	18.3	23.9
Plate, sheet and strip, steel	22.3	22.2
Outerwear, except knitted	18.7	21.6
Other special industry machinery	78.7	19.2
Other	460.7	510.8
Total	877.0	841.0

Source: Statistics Canada

FEDERAL REPUBLIC OF GERMANY FACT SHEET

Head of State:	President Richard von Weizsacker
Chancellor:	Helmut Kohl
Government:	Coalition: Christian Democratic Party; Christian Social Union; Free Democrats
Population (end 1983):	61.3 million
Area:	248.6 thousand sq.km.
Capital:	Bonn
Major Cities (1983):	Berlin (West) 1.9 million Hamburg 1.6 million Munich 1.3 million Cologne 0.9 million
Gross Domestic Product (1983):	US $561.4 billion
GDP Growth Rate:	1982: -1.0%; 1983: 1.3%
Labour Force (1983):	27.4 million
Unemployment Rate (1983):	7.5%
Inflation (consumer prices 1983):	3.0%
Exports (1983):	US $169.4 billion
Imports (1983):	US $152.9 billion

I. WEST GERMANY: OVERVIEW

A. GEOGRAPHY AND POPULATION

1. West Germany covers an area of 248.6 thousand square kilometres. The climate is generally continental in nature with fairly uniform summer temperatures. In the north-west, winters are quite mild but stormy due to oceanic influences. Winter temperatures are lower, with considerable snowfall, in the east and south.

2. The population of West Germany is approximately 61.3 million giving the country a population density of 248 inhabitants per square kilometre, one of the highest in Europe. The capital city is Bonn, while other major cities include West Berlin (population 1.9 million), Hamburg (1.6 million), Munich (1.3 million) and Cologne (0.9 million)

B. GOVERNMENT

1. West Germany is a federal republic. Legislative power rests with the Bundestag (Federal Diet) and the Bundesrat (Federal Council). The Bundestag is composed of 498 members elected every four years by the general public. The Bundesrat is composed of 45 members appointed by the governments of the Lander (states).

2. The Head of State is the President, currently President Richard von Weizsacker. The President is elected for a term of five years by the Federal Assembly consisting of the members of the Bundestag and an equal number of members elected from the Lander; re-election is permissible only once.

3. The Head of the Government is the Chancellor. The current Chancellor is Helmut Kohl, leader of the Christian Democratic Party. Chancellor Kohl heads a coalition that controls 278 of the 498 seats in the Bundestag; the coalition consists of the Christian Democratic Party, the Christian Social Union, and the Free Democrats. The opposition are the Social Democrats (193 seats) and the Green Party (27 seats). The last elections were in March, 1983; the next elections are scheduled for 1987. The Bundestat is controlled by political allies of Mr. Kohl.

4. West Germany is composed of ten Lander (states), each of which has its own elected legislative assembly. The states' main responsibilities are in the fields of education, police, culture and environment protection.

II. WEST GERMANY - THE ECONOMY

A. DOMESTIC ECONOMY

1. West Germany's economy began to recover at the beginning of 1983 from the economic downswing of the previous three years, the most severe recession in the country's history. Real gross domestic product grew by 1.3% in 1983 following declines of 0.1% and 1.0% in 1981 and 1982, respectively. Forecasts for 1984 indicate further growth, in the magnitude of around 3%.

2. The recovery initially came about on the strength of increased domestic demand. Since mid-1983, however, growth has become increasingly dependent on foreign demand. The Federal Government has been quite successful in its efforts to reduce government expenditures and borrowing. The Government is continuing with the medium-term financial plan begun in late 1981 which calls for fiscal consolidation combined with measures to stimulate private investment.

3. Improvements in the labour market lagged behind the general recovery. The unemployment rate in 1983 stood at 7.5% compared to 6.1% in 1982 and 4.4% in 1981. However, labour market conditions firmed somewhat in early 1984 and the annual unemployment rate is forecast to be slightly below the 1983 rate. The inflation rate fell to 3% in 1983 compared to 5.9% and 5.3% in 1981 and 1982, respectively; forecasts for 1984 indicate an inflation rate of roughly the same as in 1983.

4. West Germany's gross domestic product stood at close to $561.4 billion in 1983, the largest in western Europe. The country is highly industrialized, with manufacturing accounting for almost one-third of GDP. Gross domestic product by origin is as follows:

	% of 1983 GDP
Agriculture, forestry, fishing	2.0
Mining & quarrying, energy	3.6
Manufacturing	32.0
Construction	5.9
Trade, transport, communications	15.1
Government	11.7
Non-profit organizations, households	1.9
Other services	27.8
	100.0

Source: Germany: OECD Economic Surveys, OECD, 1984

B. EXTERNAL ECONOMY

1. West Germany is the world's second largest trading nation. In 1983 exports amounted to US $169.4 billion with imports valued at US $152.9 billion. West Germany consistently runs a surplus in its foreign trade.

2. Other countries in the EEC accounted for 48.1% of West Germany's exports in 1983. Within the EEC, France is the largest individual export market (12.9% of West Germany's 1983 exports), followed by the Netherlands (8.8%), the United Kingdom (8.2%), Italy (7.4%), and Belgium (7.4%). The United States accounted for 7.6% of West Germany's exports in 1983.

3. The bulk of West Germany's imports also come from other countries in the EEC; 49.1% of West Germany's imports in 1983 came from these countries. Individually, the Netherlands is the leading source of imports (12.4%)

followed by France (11.4%), Italy (8.1%), Belgium (7.2%), and the United Kingdom (7.0%). The United States supplied 7.1% of West Germany's imports in 1983.

4. West Germany's major exports and imports by commodity group for 1983 are as follows:

	% of Total Exports	% of Total Imports
Food & live animals	4.4	9.9
Beverages & tobacco	0.7	1.1
Crude materials, inedible, except fuels	1.9	6.9
Mineral fuels, lubricants and related materials	3.4	21.2
Animal and vegetable oils & fats	0.4	0.5
Chemicals	13.1	8.2
Manufactured goods classified chiefly by material	18.5	16.3
Machinery & transport equipment	45.4	21.8
Misc. manufactured articles	9.4	11.2
Commodities & transactions classified according to kind	2.8	2.9
	100.0	100.0

Source: Germany: OECD Economic Surveys, OECD, 1984

III. CANADA-WEST GERMANY TRADE RELATIONSHIP

1. In 1983 two-way trade between Canada and West Germany amounted to $2.8 billion, with a trade surplus of $420.9 million in favour of West Germany. Canada accounted for only 0.7% of West Germany's exports and 0.8% of its imports in 1983, while West Germany accounted for 1.3% of Canada's exports and 2.1% of Canada's imports.

2. Exports from Canada to West Germany were valued at $1,156 million in 1983, 6.3% below the 1982 level. Wood pulp is the dominant export to West Germany, amounting to $232 million in 1983. Other important exports include flaxseed, iron ores and concentrates, copper and alloys, and coal and other crude bitumin substances.

3. Canadian imports from West Germany amounted to $1,577 million in 1983, an increase of 13.9% from 1982. Passenger automobiles and chassis, valued at $238.2 million in 1983, are the dominant import. Other important imports include organic chemicals, wheel tractors, measuring and laboratory equipment, and other special industry machinery.

CANADIAN EXPORTS TO WEST GERMANY

	(C$ millions) 1982	1983
Wood pulp	269.3	232.0
Flaxseed	37.3	84.4
Iron ores and concentrates	92.2	61.8
Copper and alloys	45.4	51.5
Coal & other crude bitumin substances	50.1	51.0
Lumber	33.8	43.6
Other measuring, cont. lab. med. and opt. equipment	15.4	35.5
Newsprint	46.0	35.4
Other inorganic chemicals	37.7	33.6
Zinc in ores, concentrates and scrap	15.9	30.6
Other	590.6	496.3
Total	1,233.7	1,155.7

CANADIAN IMPORTS FROM WEST GERMANY

	(C$ millions) 1982	1983
Passenger automobiles and chassis	202.9	238.2
Organic chemicals	56.5	66.8
Wheel tractors, new	21.3	36.6
Other measuring, laboratory equip., etc.	26.4	36.6
Other special industry machinery	51.4	32.2
Aluminum ores, concentrates & scrap	-	29.1
Other beverages	35.3	28.6
Motor vehicle parts, except engines	27.4	26.3
Other electric lighting distribution equip.	4.2	24.9
Other chemical products	19.8	24.7
Other	938.8	1,032.6
Total	1,384.0	1,576.6

Source: Statistics Canada

IV. BRITISH COLUMBIA-WEST GERMANY TRADE RELATIONSHIP

1. British Columbia's exports to West Germany amounted to $305.4 million in 1983, roughly the same level as in 1982. Wood pulp, valued at $173.4 million in 1983, is the major British Columbia export to West Germany. Other important exports include lumber, molybdenum in ores, concentrates and scrap, and plywood.

BRITISH COLUMBIA EXPORTS TO WEST GERMANY

	(C$ millions) 1982	1983
Wood pulp	202.3	173.4
Lumber	30.7	39.3
Molybdenum in ores, concentrates & scrap	21.2	16.4
Plywood	12.0	16.3
Asbestos milled fibres	8.7	12.5
Coal	3.0	9.4
Scrap, sweepings of precious metals, nes	6.2	7.8
Salmon, frozen	5.3	6.1
Zinc blocks, pigs and slabs	11.6	5.8
Shakes and shingles	1.8	2.7
Other	3.2	15.7
Total	306.0	305.4

IRELAND FACT SHEET

Head of State:	President Patrick J. Hillery
Government:	Coalition: Fine Gael Party Labour Party
Prime Minister:	Mr. Garret FitzGerald (Fine Gael)
Population (1981):	3.4 million
Area:	70,000 square kilometres
Capital:	Dublin
Major Cities (1981 population):	Dublin 1,003,000 Cork 136,000 Limerick 61,000
Gross Domestic Product (1983):	US $14.0 billion
GDP Growth Rate:	1982: 1.2%; 1983: 1.0%
Labour Force (1982):	1,283,000
Unemployment Rate (1983):	14.1%
Inflation (consumer prices, 1983):	10.5%
Exports (1983):	US $8.6 billion
Imports (1983):	US $9.2 billion

I. IRELAND: OVERVIEW

A. GEOGRAPHY AND POPULATION

1. The Republic of Ireland, covering an area of 70 thousand square kilometres, comprises 26 of the 32 counties on the island of Ireland. The climate is mild and moist, with little or no variation across the country.

2. The population of Ireland is 3.4 million, giving the country a population density of 49 inhabitants per square kilometre. Close to one-third of the population lives in the capital city, Dublin. Other major cities include Cork and Limerick.

B. GOVERNMENT

1. Ireland is a sovereign republic with a constitutional Head of State, the President, being elected by direct popular vote every seven years. The current President is Patrick J. Hillery.

2. The Irish National Parliament consists of two legislative chambers - the Senate (Seanad Eireann) and the House of Representatives (Dail Eireann). The Senate, with restricted powers, has 60 members - 11 nominated by the Prime Minister and 49 elected indirectly for five years. The House of Representatives consists of 166 members, elected by proportional representation for five years.

3. The current Prime Minister is Garret FitzGerald of the Fine Gael Party. The Fine Gael Party forms a coalition government with the Labour Party. The current Parliament, elected in November, 1982, is comprised of the following:

Party	No. of Seats
Fianna Fail	75
Fine Gael	70
Labour	15
Workers' Party	2
Independents	3
Total	166

4. At the local level, there are 27 county councils, 4 county borough corporations, 7 borough corporations, 49 urban district councils, and 23 Board of Town Commissions. Local authorities are responsible for a wide range of services; however, effective authority lies with the central government.

II. IRELAND - THE ECONOMY

A. DOMESTIC ECONOMY

1. After enjoying prosperity in the latter half of the 1970's, with average real GDP growth of 5.3% from 1976 to 1979, Ireland experienced a deep recession in the early 1980's. Inflation accelerated quickly, unemployment grew, and GDP stagnated.

2. Heavy public sector borrowing, both domestically and on foreign markets, created serious fiscal imbalances which, combined with a weak external position, caused difficulties for Ireland in adjusting to the second oil shock and the general worldwide recession. The effects of the oil shock and the international recession were especially felt by Ireland as it is a small, open economy that depends heavily on imported energy.

3. Real GDP grew by only 1.6% in 1981, 1.2% in 1982 and 1.0% in 1983. Forecasts for 1984 indicate a slightly higher growth of around 1.8%. Inflation, having reached a peak of 20.4% in 1981, has fallen significantly; in 1983 the inflation rate stood at 10.5%. Unemployment, on the other hand, has been increasing - from 8.9% in 1981 to 14.1% in 1983. Increases in the unemployment rate have been due to the international recession, stagnant domestic demand, and a young population which adds a significant number of new entrants to the labour force each year.

4. The Irish government has been trying to bring its debt into line in recent years. Some success has been achieved in reducing foreign borrowing. However, the biggest problem is reducing public sector spending which amounts to close to 60% of GNP. Public spending is financed entirely from borrowing, which has resulted in an extremely severe tax regime.

5. Ireland remains one of the least developed countries within the European Economic Community. However, it has greatly reduced its dependence on agriculture over the past twenty years, although agriculture still accounts for 12% of GNP. The Irish Government has aggressively pursued foreign investment and export-oriented manufacturing companies through lucrative support packages offered by the Irish Development Agency, which provides various capital grants and tax exemptions. However, due to high personal income taxes, high wage rates, high energy prices, and heavy social security contributions, Ireland is no longer a low cost location for foreign investors.

6. Industrial output accounts for roughly 40% of Ireland's GNP. Important industries include chemical products, mines and quarries, textiles, metals and engineering, paper and printing, and food, beverages and tobacco products. Many of Ireland's domestically-owned industries have experienced difficulties over the past few years and their output has fallen. Ireland's industrial success has been, in large part, due to the performance of foreign-owned export-oriented industries. This is reflected in the strong growth of Ireland's exports in recent years.

B. EXTERNAL ECONOMY

1. Ireland has a very open economy, with exports accounting for over 50% of GDP. In 1983 Ireland's exports were valued at US $8.6 billion, with imports valued at US $9.2 billion.

2. Ireland consistently runs a deficit in its merchandise trade. However, this deficit is, for the most part, balanced by a surplus in invisible trade and by net international transfers.

3. Ireland's exports and imports by commodity group are as follows:

Exports, 1982

Item	%
Machinery & electrical goods	22
Meat & meat preparations	9
Dairy products & birds' eggs	7
Textile manufactures	5
Live animals chiefly for food	3
Clothing & footwear	3
Beverages	2
Organic chemicals	7
Medicinal & pharmaceutical products	2
Other	40
Total	100

Imports, 1982

Item	%
Machinery & electrical goods	22
Petroleum, petroleum products & related goods	13
Textile manufactures	4
Iron and steel	3
Clothing & footwear	5
Other	53
Total	100

Source: Ireland, OECD Economic Surveys 1983-84, OECD, Dec. 1983

4. The United Kingdom is by far the leading market for Ireland's exports as well as the leading source of imports. In 1983 the United Kingdom accounted for 37% of Ireland's exports and 45.3% of its imports. Other major export markets are West Germany (9.9%), France (8.3%), and the United States (8%). Other important import sources are the United States (14.7%), West Germany (8%), and France (4.7%).

III. CANADA-IRELAND TRADE RELATIONSHIP

1. Two-way trade between Canada and Ireland amounted to $196.5 million in 1983, a decline of 13% from the 1982 level of $225.8 million. Canada ran trade deficits of $18.1 million with Ireland in 1983 and $31.8 million in 1982, following surpluses of $19 million and $13.9 million in 1981 and 1980, respectively. Canada typically accounts for only around 1% of Ireland's yearly exports and imports, while Ireland accounts for 0.1% of Canada's yearly exports and imports.

2. Canadian exports to Ireland amounted to $89.2 million in 1983, down 8% from 1982. Telecommunications and related equipment is by far the dominant export to Ireland, amounting to $35 million, or 39.2% of the total, in 1983. Other major exports include office machines and equipment, newsprint, and woodpulp.

3. Canadian imports from Ireland amounted to $107.3 million in 1983, a decrease of 16.7% from the 1982 level. The major Canadian import from Ireland is organic chemicals which amounted to $25.4 million in 1983. Other major imports include meat, medical, ophthalmic and orthopaedic supplies, electronic computers, and distilled alcoholic beverages.

CANADIAN EXPORTS TO IRELAND

	(C$ thousands) 1982	1983
Telecommunications & related equipment	50,273	35,013
Office machines & equipment	3,604	11,567
Newsprint paper	7,030	5,927
Woodpulp	2,767	3,704
Drilling, excavating, mining machinery	2,071	3,365
Other non-metallic mineral basic products	387	3,117
Fertilizers and fertilizer materials	—	2,886
Other fodder & feeds	1,352	2,252
Plywood	6,731	1,631
Aircraft engines and parts	272	1,231
Other	22,489	18,457
Total	96,976	89,150

CANADIAN IMPORTS FROM IRELAND

	(C$ thousands) 1982	1983
Organic chemicals	43,005	25,448
Meat, fresh, chilled or frozen	4,689	15,673
Medical, ophthalmic, orthopaedic supplies	14,417	7,833
Electronic computers	6,027	7,669
Distilled alcoholic beverages	13,683	7,153
Cocoa and chocolate	1,219	4,188
Yarn and thread	3,118	3,845
Other chemical products	3,488	3,094
Drilling machinery and drill bits	1,767	2,846
Footwear	2,730	2,286
Other	34,644	27,231
Total	128,787	107,266

Source: Statistics Canada.

IV. BRITISH COLUMBIA-IRELAND TRADE RELATIONSHIP

1. British Columbia's exports to Ireland amounted to $3.9 million in 1983, down 20.4% from the 1982 level of $4.9 million. The major British Columbia exports to Ireland in 1983 were plywood, canned salmon, lumber, pelleted screenings, and commercial telecommunications equipment.

BRITISH COLUMBIA EXPORTS TO IRELAND

	(C$ thousands) 1982	1983
Plywood	673.3	1,631.0
Salmon, canned	1,278.3	867.8
Lumber	1,171.5	686.0
Pelleted screenings	—	387.2
Commercial telecommunication equipment, nes	6.8	159.3
Electronic equipment components, nes	204.0	80.2
Cherries, canned	3.6	29.0
Core drills & core drill bits & parts	8.6	13.5
Hard board	11.3	9.7
Parts & accessories for ships & boats, nes	33.8	9.3
Other	1,466.6	21.4
Total	4,857.8	3,894.4

IRELAND'S INDUSTRIAL POLICY

Ireland's aggressive pursuit of foreign investment has been the key element in its industrial policy since the late 1950's. A broad range of financial and fiscal incentives covering capital grants, training grants, and various forms of the tax relief have been used to attract foreign investors. These incentives include:

- 100% tax exemption on profits from exports until 1990 for firms established before 1981;
- for firms established since 1981, a corporate tax rate of 10% on profits derived from the sale of all manufactured goods (the normal rate is 45% throughout Ireland);
- cash grants towards the cost of eligible fixed assets up to limits of 65% in high unemployment areas and 45% in non-designated areas;
- grants towards the modernization of plants and machinery in existing industries up to limits of 35% and 25%, respectively, in designated and non-designated areas;
- training grants for workers up to 100%; and

- assistance for product identification, feasibility studies, product development, loan guarantees, and interest subsidies.

The Industrial Development Authority (IDA) is the most important of a number of state agencies which administer these incentives.

The IDA has been very successful in attracting foreign-owned export-oriented manufacturing industries to Ireland. Manufacturing output grew at an average annual rate of 4% over the period 1973 to 1982, significantly higher than the average for OECD European countries. As well, Ireland's manufacturing exports experienced a boom, as the percentage of manufacturing gross output exported rose from 34% in 1973 to over 45% in 1982. However, a corresponding effect on employment did not occur over the period - the average annual increase in Ireland's employment was only 0.3%. With the more liberal trade regime that Ireland adopted in the 1970's, Ireland's labour-intensive traditional industries (e.g. textiles, clothing, footwear and leather) came into increased competition, especially from the Newly Industrialized Countries. As a result, employment in the traditional indigenous industries declined sharply. While employment in the foreign-owned industries did grow, these industries tended to be in more capital-intensive industries (e.g. chemicals and electronic engineering sectors) and, therefore, did not have as great an impact on employment as on output and exports.

Ireland's industrial policy, based on attracting foreign-owned export-oriented industries, while successful in terms of its impact on output and exports, has created some problems. For example, a large number of these firms carry out only one stage of the manufacturing process in Ireland. Further, the firms import much of their raw materials and intermediate inputs. These characteristics have resulted in low domestic value-added in these industries, as well as little employment creation in Irish supplying industries. Consequently, total employment increases in the 1980's will be increasingly dependent on high levels of foreign investment, which will be harder to achieve than in the past.

In addition, the financial incentives offered to foreign firms have required a heavy amount of public spending. With the low employment that has been created, the high degree of public spending has resulted in high public investment levels per new job created.

SHANNON FREE PORT

Shannon Free Port (SFP), located on the west central coast of Ireland, is the world's second largest free trade zone, covering an area of 300 acres. SFP is an export processing industrial free trade zone in which a variety of functions are carried out, including manufacturing, processing, assembly, warehousing, refining, etc. As well, numerous service industries, such as banking, insurance and accounting, are located in the zone to serve the export processing operations.

The industrial, export processing orientation of SFP began in 1960. The extent of operations in the zone has grown rapidly since that date, to the point where, at the beginning of 1982, there were more than 80 foreign firms located in the zone. These firms employed 7,500 workers and have export sales amounting to $232 million annually. A variety of industries are located in the zone, including precision components, ladies' knitwear, natural and synthetic diamonds for the mining and abrasive industries, collators, pressers and accessories, medical and biological instruments, printing equipment accessories, plastic components, precision fasteners and tools, wire drawing dies, pharmaceutical products, and tungsten carbide drilling tools.

Foreign firms have been attracted to SFP by a broad range of customs and financial incentives. Customs regulations are kept at a minimum, simply ensuring that imports are equal to exports plus stock in hand. Laws normally applied to the import and export of merchandise are waived for imports into the zone. No customs duties, bonds, fees, income or local taxes are applied to goods entering or warehoused in the zone.

In addition to the customs incentives, firms operating in SFP are entitled to a number of financial concessions which include:

- 100% tax exemption until 1990 on profits derived from exports for firms located in the zone prior to 1981;

- for firms locating after the start of 1981, the corporate tax rate for manufacturing companies will be 10% on profits from the sale of all manufactured goods, significantly below the 45% normal rate applied throughout Ireland;

- no purchase, sales, or value-added taxes;

- cash grants of up to 50% towards the cost of fixed assets;

- investment allowances of up to 40% plus initial depreciation up to 100% for new plant and machinery;

- training grants for workers; and

- complete freedom of repatriation of capital profits.

ITALY FACT SHEET

Head of State:	Mr. Francesco Cossiga
Government:	Coalition of Christian Democrat, Socialist, Social Democratic Republican and Liberal Parties
Prime Minister:	Mr. Bettino Craxi (Socialist)
Population (1984):	57.5 million
Area:	3,013,000 sq. km.
Capital:	Rome
Major Cities:	Rome 2,834,000 Milan 1,581,000 Naples 1,209,000 Turin 1,093,000
Gross Domestic Product (1983 estimate):	U.S. $355.1 billion
GDP Growth Rate:	1982: -0.4; 1983: -1.2
Labour Force (1983):	23,168 million
Unemployment Rate (1983):	9.7%
Inflation (consumer prices, 1983):	14.6%
Exports (1983):	US $72.7 billion
Imports (1983):	US $80.4 billion

I. ITALY: OVERVIEW

A. GEOGRAPHY AND POPULATION

1. Italy is a 1,127 kilometre long peninsula extending into the Mediterranean Sea. On the west and south it includes the large islands of Sardinia and Sicily, Pentelleria and the Eolian group. Except for the Po Valley area in the north, most of Italy is rugged and mountainous. The climate varies considerably with latitude. In the south it is warm temperate, with little rain in the summer months, and in the north it is cool temperate, with more generous rainfall which is more evenly distributed over the year.

2. The population of Italy is 57.5 million. The population density is 188 inhabitants per square kilometre. The largest city is Rome, the capital (population 2,834,000); other major cities are Milan (1,581,000), Naples (1,209,000), and Turin, (1,093,000).

B. GOVERNMENT

1. The Republic of Italy is governed by a bicameral parliament which consists of a Chamber of Deputies and a Senate. The Chamber of Deputies is elected for 5 years by universal and direct sufferage. It is made up of 630 deputies. The Senate is also elected for 5 years, but on a regional basis.

2. The President of Italy is the Head of State and is elected for a term of 7 years by a joint session of the Chamber, the Senate and 58 regional representatives. His powers allow the dissolution of parliament except during the last 6 months of his term, and he is responsible for appointing the Prime Minister and (on the Prime Minister's recommendation) other ministers.

3. Italy's present Prime Minister is Mr. Bettino Craxi, the Socialist Party leader. Mr. Craxi has had a precarious hold on parliamentary support since the last general election for Senate and Chamber of Deputies on June 26, 1983. Party standings in that election were as follows:

	Senate	Chamber of Deputies
Christian Democrats	120	225
Communists	107	198
Socialists	38	73
Italian Social Movement	18	42
Social Democrats	8	23
Republicans	10	29
Liberals	6	16
Other Groups	8	23

Problems facing Italy's government include low levels of economic growth and growing levels of unemployment.

II. ITALY: THE ECONOMY

A. DOMESTIC ECONOMY

1. Italy's economy is characterized by a large agricultural sector and a strong industrial base. According to 1981 labour market statistics, 28.8% of the labour force is employed in the industrial sector and 4.5% of the labour force is employed in the agricultural sector. Italy's major industries include textiles, clothing, leather and footwear (17.7% of industrial value added); food, beverages and tobacco (10.4%); energy products (7.9%); agricultural and industrial machines (7.7%); metal products except machines and means of transport (7%); mineral and non-metallic mineral products (7%); timber and wooden furniture (6.6%); electrical plants and equipment (6.3%); and chemicals and pharmaceuticals (6.2%).

2. Italy's economy was slower to recover from the world recession than the economies of most industrialized nations. During 1983 Gross Domestic Product fell by 1.2% while industrial production fell by 5.3%. During 1984, however, a recovery of domestic demand and higher levels of exports were expected to increase GNP and industrial production by 2-1.4%.

3. Inflation in Italy slowed from the beginning of 1983 with consumer prices falling from 15% (annual rate) during the first quarter to 11-3/4% during the first quarter of 1984. Projections for 1985 estimate a continued deceleration with an 8% increase for consumer prices.

4. During 1984, Italian fiscal policy has been focused towards holding the treasury cash deficit to its 1983 level. This would mean reducing Italy's deficit to 15% of GDP from the 1983 level of 16-3/4%. Spending cuts have been focused on social benefit programs.

5. Monetary policy in Italy is anticipated to remain fairly tight in spite of an easier situation in international financial markets as the government attempts to further reduce inflation rates.

B. EXTERNAL ECONOMY

1. Italy has consistently run a trade deficit for the last ten years, with the exception of 1978. Exports represent approximately one-fifth of the country's GDP.

2. Italian exports in 1982 were valued at US $73.5 billion with imports valued at US $83.8 billion. Major export products are machinery and other transport and miscellaneous manufactures. Crude oil was the largest import item. Major exports and imports by commodity group for 1982 are listed in the following tables.

Exports, 1982		Imports, 1982	
Item	**%**	**Item**	**%**
Food, drink & tobacco	7.2	Food, drink & tobacco	12.9
Refined petroleum products	6.5	Crude oil	22.6
		Other fuels	9.9
Machinery & other transport	25.6	Machinery & other transport	12.8
Misc. manufactures	15.1	Chemical products	8.2
Chemical products	7.2	Metals, ores, scrap	6.6
Metals, ores & scrap	6.2	Misc. manufactures	9.2
Motor vehicles & parts	5.5	Other	17.8
Other	15.4		100.0
	100.0		

Source: Italy, OECD Economic Surveys 1983-84, OECD 1984.

3. West Germany (15.6% in 1982), France (15.2% in 1980), the United Kingdom (7.0% in 1982, and the Netherlands (6.3% in 1982) are Italy's major export markets. West Germany (16.1% in 1982), France (12.5% in 1982), the United States (6.7% in 1982), the Netherlands (4.3% in 1982) are Italy's primary import sources.

   Source: Italy, OECD Economic Surveys 1983-84, OECD 1984.

III. CANADA-ITALY TRADE RELATIONSHIP

1. Total two-way trade between Canada and Italy amounted to $1,347.8 million, with a trade surplus of $249 million in favour of Italy. Canada accounted for 2.5% of Italy's exports and 1.5% of its imports in 1983, while Italy accounted for .6% of Canada's exports and 1% of Canada's imports.

2. Canadian exports to Italy amounted to $549.4 million, 21% below the 1982 level. Wheat and wood pulp are the dominant exports to Italy, amounting to $136.7 million and $116.1 million respectively in 1983. Other important exports include iron ores and concentrates ($39.3 million), barley ($29.5 million), and aircraft engines and parts ($22.0 million).

3. Canadian imports from Italy were valued at $798.4 million in 1983, an increase of 10% from 1982. Footwear is the dominant import, valued at $100.4 million in 1983. Other important imports are broad woven fabrics with mixed fibres ($34.1 million), miscellaneous beverages ($31.8 million), miscellaneous metal fabricated basic products ($26.7 million), clay bricks, clay tiles and refractories ($24.8 million), and furniture and fixtures ($22.3 million).

CANADIAN EXPORTS TO ITALY

	(C$ millions) 1982	1983
Wheat	146.1	136.7
Wood pulp	146.8	116.1
Iron ores and concentrates	43.7	39.3
Barley	56.0	29.5
Aircraft engines and parts	25.5	22.0
Zince in ores, concentrates and scrap	5.3	15.2
Lumber	19.8	15.2
Asbestos, unmanufactured	16.5	14.4
Other telecommunication & related equipment	6.0	12.6
Drilling, excavating, mining machinery	2.1	9.5
Other	226.9	138.9
Totals	694.7	549.4

CANADIAN IMPORTS FROM ITALY

	(C$ millions) 1982	1983
Footwear	95.6	100.4
Broad woven fabrics, mixed fibres	27.2	34.1
Other beverages	34.1	31.8
Other metal fabricated basic products	44.0	26.7
Clay bricks, clay tiles & refractories	21.3	24.8
Furniture and fixtures	14.0	22.3
Plastics and chemical industry machinery	9.3	19.0
Other special industry machinery	18.9	18.2
Kitchen utensils, cutlery, tableware	10.4	16.2
Organic chemicals	10.6	15.3
Other	439.4	489.6
Totals	724.8	798.4

Source: Statistics Canada

IV. BRITISH COLUMBIA-ITALY TRADE RELATIONSHIP

1. British Columbia's exports to Italy amounted to $123.6 million in 1983, down 21% from 1982. Wood pulp, valued at $94.4 million in 1983, is the major British Columbia export to Italy. Other important exports include lumber ($14.2 million), frozen salmon ($6.9 million), and plywood ($3.3 million).

BRITISH COLUMBIA EXPORTS TO ITALY

	(C$ millions) 1982	1983
Wood pulp	117.1	94.4
Lumber	15.7	14.2
Salmon, frozen	7.9	6.9
Plywood	3.0	3.3
Salmon, canned	0.9	1.3
Parts & accessories for ships & boats, nes	1.2	0.7
Asbestos milled fibres	2.7	0.5
Winches and windlasses	2.3	0.5
Abrasive basic products, nes	0.3	0.4
Laboratory optical instruments, equipment and parts, nes	0.1	0.4
Other	5.3	1.0
	165.5	123.6

NETHERLANDS FACT SHEET

Head of State:	Queen Beatrix
Prime Minister:	Ruud Lubbers
Government:	Coalition: Christian Democratic Party Liberal Party
Population (1983):	14.3 million
Area:	41,548 square kilometres
Capital:	Amsterdam
Major Cities (1983 population):	Amsterdam 687,000 Rotterdam 559,000 The Hague 449,000
Gross Domestic Product (1983):	US $114.2 billion
GDP Growth Rate:	1982: -2.0%; 1983: .8%
Labour Force (1983):	5.5 million
Unemployment Rate (1983):	15.5%
Inflation (consumer prices, 1983):	3.1%
Exports (1983):	US $65.4 billion
Imports (1983):	US $62.6 billion

I. NETHERLANDS: OVERVIEW

A. GEOGRAPHY AND POPULATION

1. The Netherlands covers an area of 41.5 thousand square kilometres. Most of the country, with the exception of the southeast where hills rise to 1,000 feet, is low and flat; one-third of the land is below sea level. In general, there is a cool, temperate maritime climate with mild winters and cool summers.

2. The population of the Netherlands is approximately 14.3 million, giving the country a population density of 344 inhabitants per square kilometre, the highest in Europe. The capital city is Amsterdam, while other major cities include Rotterdam and the Hague.

B. GOVERNMENT

1. The Netherlands is a constitutional and hereditary monarchy with a parliamentary system of government. Head of State is Queen Beatrix.

2. The Netherlands' Parliament consists of two chambers - the First (Upper) Chamber and the Second (Lower) Chamber. The Second Chamber can initiate legislation and amend bills while the First Chamber can only approve or reject them. The First Chamber has 75 members indirectly elected for six-year terms, half returning every three years, elected by the 11 provincial legislatures. The Second Chamber has 150 members elected directly for four-year terms on the basis of proportional representation.

3. Following elections in September 1982, a centre-right coalition government was formed between the Christian Democrat Party and the People's Party for Freedom and Democracy. The coalition, headed by Prime Minister Ruud Lubbers of the Christian Democratic Party, controls 81 of a total 150 seats. The main opposition party, Labour, holds 47 seats.

4. At the local level, the Netherlands is divided into 11 provinces and around 770 municipalities; preparations are being carried out to increase the number of provinces. Each province has its own representative body, the Provincial States, elected directly for four-year terms. Each municipality is governed by a Municipal Council, also elected directly for four-year terms.

II. NETHERLANDS - THE ECONOMY

A. DOMESTIC ECONOMY

1. The Netherlands has just recently begun to recover from a severe recession. Real GDP fell in 1982 by 2.0% but recovered in 1983 by 0.8%. Inflation stood at 6.1% in 1982 but slowed to 3.4% in 1983 while unemployment rose from 11.4% in 1982 to 15.5% in 1983 (OECD standardized rate). Rigidities

and imbalances have hampered the country's economy. For example, the labour market has been unresponsive to market forces, profits in the non-gas sector have been poor, international competitiveness has been lacking, and the public sector deficit and borrowing requirement has risen rapidly.

2. In order to create an environment conducive to economic recovery and sustained growth, the Government has undertaken a number of measures in the past two years aimed at reducing the public sector deficit. The measures undertaken to achieve this goal included freezes, and eventually reductions, on public sector wages, minimum wages and social security funds, a reduction in the Government's contribution to social security funds, and increases in employees' social security premiums. As well, the Government has implemented policies aimed at improving competitiveness and profitability in the non-energy sector, reducing rigidities in wage bargaining and redistribution of existing work in an attempt to reduce unemployment.

3. The Government's program has met with some success. Inflation has been sharply reduced to a level of 3.4% in 1983. Non-energy sector profits have improved modestly. As well, gains in international competitiveness have been achieved. Real GDP, bolstered by increased foreign demand, rose by .8% in 1983 and is forecast to rise by 1.5% in 1984. On the negative side, unemployment has continued to rise - the unemployment rate stood at 15.5% in 1983 and is expected to continue to climb. Difficulties in curbing unemployment have been due, in large part, to the adverse effect that the policies pursued by Government have had on domestic demand over the short run.

4. While the recovery has not yet become firm or widespread, the long-term economic prospects for the Netherlands are promising. The country can rely on a skilled, well-educated labour force, high technological and entrepreneurial skills, energy self-sufficiency (due to natural gas), and a strong external position due to availability of natural gas for exports and relative competitiveness in international marketplaces.

5. The Netherlands' gross domestic product (at factor cost) by origin in 1982 was as follows:

	% of 1982 GDP
Agriculture, forestry & fishing	4.4
Mining & quarrying (incl. nat. gas)	25.5
Manufacturing and construction	7.2
Electricity, gas and water (excl.nat.gas)	1.9
Transport and communications	6.8
Other private sector	38.4
Government	15.8
Total	100.0

Source: Netherlands: OECD Economic Surveys, OECD, 1984

B. EXTERNAL POSITION

1. The Netherlands is a very open economy with exports (US $65.4 billion in 1983) representing almost 50% of GDP. Total imports amounted to US $62.6 billion in 1983.

2. Other countries in the EEC accounted for 72.2% of the Netherlands' exports in 1983. West Germany is by far the leading single export market, accounting for 30.4% of exports in 1983, followed by Belgium (14.0%), France (10.4%), the United Kingdom (9.0%), Italy (5.4%), and the United States (4.2%).

3. The majority of the Netherlands' imports also come from other countries in the EEC; in 1983, 54.2% of Netherlands' imports come from these countries. West Germany (21.6%), Belgium (12.4%), the United States (9.0%), the United Kingdom (8.6%), and France (6.5%) are the leading individual import sources.

4. The Netherlands' exports and imports by commodity group for 1982 were as follows:

	% of Total Exports	% of Total Imports
Food and live animals	18.3	11.8
Beverages and tobacco	1.7	1.5
Crude materials, except fuels	4.6	5.9
Mineral fuels, lubricants etc.	23.9	26.0
Animal & vegetable oils & fats	.9	.9
Chemicals	15.0	8.7
Manufactured goods classified chiefly by material	12.4	14.3
Machinery & transport equipment	16.2	19.4
Other manufactures	5.8	10.1
Other non-classified	1.8	1.4
Total	100.0	100.0

Source: Netherlands: OECD Economic Surveys, OECD, 1984
Europa Year Book 1984, Europa Publications Ltd., 1984

III. CANADA-NETHERLANDS TRADE RELATIONSHIP

1. In 1983 two-way trade between Canada and the Netherlands amounted to $1.3 billion. Canada consistently runs a balance of trade surplus with the Netherlands - in 1983 this surplus amounted to $608.7 million. Canada accounted for only 0.4% of the Netherlands' 1983 exports and 0.6% of its imports; the Netherlands accounted for 1.1% of Canada's 1983 exports and 0.5% of its imports.

2. Canadian exports to the Netherlands were valued at $958.1 million in 1983, a decline of 8.2% from the 1982 level. Organic chemicals ($135.0 million), wood pulp ($73.1 million), copper and alloys ($71.8 million) and iron ores and concentrates ($69.3 million) were the major Canadian exports to the Netherlands in 1983.

3. Canadian imports from the Netherlands amounted to $349.4 million, an increase of 30.7% from the 1982 level. Major imports from the Netherlands include organic chemicals ($26.3 million), unexposed photographic film and plates ($19.1 million), crude vegetable products ($18.3 million), cocoa and chocolate ($12.0 million), other photographic goods ($11.8 million), miscellaneous equipment and tools ($11.3 million), and fuel oil ($11.4 million).

CANADIAN EXPORTS TO THE NETHERLANDS

	(C$ millions)	
	1982	1983
Organic chemicals	204.8	185.0
Wood pulp	79.9	73.1
Copper and alloys	17.6	71.8
Iron ores and concentrates	144.9	69.3
Barley	34.4	47.4
Nickel and alloys	40.8	43.1
Other chemical products	38.2	39.6
Photographic goods	8.5	39.0
Wheat	23.0	38.9
Office machines and equipment	43.1	37.2
Other	408.6	313.7
Total	1,043.8	958.1

CANADIAN IMPORTS FROM THE NETHERLANDS

	(C$ millions)	
	1982	1983
Organic chemicals	23.4	26.3
Unexposed photographic film & plates	3.7	19.1
Crude vegetable products	14.8	18.3
Cocoa and chocolate	10.9	12.0
Other photographic goods	1.4	11.8
Misc. equipment and tools	10.9	11.8
Fuel oil	—	11.4
Dairy produce, eggs and honey	10.2	10.9
Plastics materials, not shaped	5.9	10.2
Fertilizers & fertilizer materials	1.9	9.9
Other	184.2	207.7
Total	267.3	349.4

Source: Statistics Canada

IV. BRITISH COLUMBIA-NETHERLANDS TRADE RELATIONSHIP

1. British Columbia's exports to the Netherlands were valued at $80.8 million in 1983, an increase of 11.4% from the 1982 level. The leading exports to the Netherlands in 1983 were wood pulp, alcohols and their derivatives, molybdenum in ores concentrates and scrap, and lumber.

BRITISH COLUMBIA EXPORTS TO THE NETHERLANDS

	(C$ millions)	
	1982	1983
Wood pulp	32.5	26.5
Alcohols and their derivatives	—	13.9
Molybdenum in ores, concentrates & scrap	16.5	13.3
Lumber	4.4	5.2
Plywood	7.0	3.6
Rapeseed screenings	3.4	2.8
Newspring	0.4	2.7
Salmon, frozen	3.6	2.6
Salmon, canned	1.6	2.3
Metal bearing ores and concentrates, nes	—	2.1
Other	3.1	5.8
Total	72.5	80.8

NORWAY FACT SHEET

Head of State:	King Olav V
Government:	Coalition: Conservatives, Christian People's Party, Centre Party
Prime Minister:	Mr. Kaare Willoch (Conservative)
Population (1982):	4.1 million
Area:	324,000 square kilometres
Capital:	Oslo
Major Cities (1982 population):	Oslo 448,775 Bergen 207,292 Trondheim 134,665
Gross Domestic Product (1983 estimate):	US $55.0 billion
GDP Growth Rate:	1982: -0.6%; 1983: 3.2%
Labour Force (1982):	2.0 million
Unemployment Rate (1983):	3.3%
Inflation (1983):	8.4%
Exports (1983):	US $18.0 billion
Imports (1983):	US $13.5 billion

NORWAY FACT SHEET

A. GEOGRAPHY AND POPULATION

1. Norway is Europe's fifth largest country, covering an area of approximately 324 thousand square kilometres. While it is one of the world's most northern nations, with more than one-quarter of the country lying north of the Arctic Circle, Norway's climate is temperate due to the warming effects of the Gulf Stream currents.

2. The population of Norway is approximately 4.1 million, with a population density of only 12.7 inhabitants per square kilometre. Approximately 80% of the population lives within 10 miles of the sea. The capital city is Oslo (population 448,775). Other major cities are Bergen (population 207,292) and Trondheim (population 134,665).

B. GOVERNMENT

1. Norway is a constitutional monarchy with a parliamentary system of government. Head of State is King Olav V.

2. The Norwegian Parliament, the STORTING, has 155 members representing 19 districts. Parliament is elected every four years on a proportional representation system; the next election is scheduled for 1985. The STORTING divides itself, by election, into the ODELSTING (116 members) and the LAGTING (39 members); each TING has predefined legislative, judicial and executive duties.

3. The Prime Minister is Mr. Kaare Willoch of the Conservative Party. The Conservative Party forms a coalition government with the Christian People's Party and the Centre Party. The Labour Party, the largest single party in parliament, is the main opposition party. The current parliament is composed of the following:

Party	No. of Seats
Conservatives	53
Christian People's	16
Centre	10
Labour	66
Socialist Left	4
Progress Party	4
Liberal	2
Total	155

4. At the local level, Norway is divided into 19 counties, each governed by a county council elected directly by the electors of the county, and by a committee elected by and from members of the council. As well, there are 42 urban districts and 407 rural districts, each governed in the same manner as the county districts.

II. NORWAY - THE ECONOMY

A. DOMESTIC ECONOMY

1. Over the past generation, Norway has tranformed itself into a highly industrialized nation. Industrialization was initially spurred on by the availability of abundant, inexpensive hydroelectric power which gave rise to major investment in high energy consuming industries. As Norway emerged as a major oil and gas producer in the 1970's, oil and gas related technologies in manufacturing and services for offshore development replaced the traditional industries as the major impetus behind economic growth.

2. Due to the depression in world oil prices and the poor cost competitiveness of its traditional industries, Norway's economy performed poorly in the early 1980's. Real GDP grew by only 0.3% in 1981 and then fell by 0.6% in 1982. However, the economy rebounded in 1983, spurred by strong exports of traditional goods and oil and gas, to record real growth of 3.2%. Inflation stood at 11.3% in 1982, down from 13.6% in 1981; the downward trend continued in 1983 with an inflation rate of 8.4%. Unemployment, although low by international standards, is increasing, in large part due to the decrease in competitiveness of Norway's traditional industries; the unemployment rate was 3.3% in 1983 compared to 2.6% in 1982. Forecasts for 1984 suggest real GDP growth of about 2.3%, an inflation rate in the range of 6 to 6.5% and an unemployment rate of around 3.3%.

3. Norway's economy is becoming increasingly dependent on the country's oil and natural gas developments in the North Sea. State oil revenues have enabled the country to maintain a high rate of employment through public subsidies as well as to promote the restructuring of traditional industries in the manufacturing sector.

4. Gross domestic product by industry is as follows (1981);

	% of GDP		% of GDP
Agriculture	2.9	Wholesale and retail trade	12.4
Forestry, fishing, hunting	1.6	Hotel and restaurant trade	1.3
Crude petroleum & gas production	15.3	Transportation and communication	10.1
Other mining	0.4	Financing, insurance, real estate and business services	11.0
Manufacturing	15.4	Public, social and personal services	18.0
Electricity, gas & water supply	3.6	Correction items	1.3
Construction	6.7		100.0

Source: Mini-Facts, Norway 1982-83, Norwegian Ministry of Foreign Affairs, June 1982.

5. The present government came to power with three major economic policy objectives: decrease taxation, reduce subsidies to uneconomic industries, and remove unnecessary government regulation. While the 1983 budget did reduce marginal tax rates somewhat, no real progress has been achieved towards these goals due to the high priority placed on curbing the rising trend of unemployment.

6. Norway's living standards, as measured by per capita GNP, are second only to Switzerland among industrialized nations. Like Sweden, Norway allocates a high level of its expenditures to social programs.

B. EXTERNAL ECONOMY

1. Norway's economy is highly export-oriented with exports accounting for close to one-third of the country's GDP. Until 1980, Norway ran a consistent deficit in its foreign trade; since 1980, oil and gas exports have moved Norway into a strong surplus position in foreign trade.

2. Norwegian exports in 1983 were valued at US $18.0 billion with imports valued at US $13.5 billion. Petroleum, petroleum products, and gas account for one-half of Norway's exports. Major exports and imports by commodity group for 1982 are listed in the following tables.

	% of Total Exports	% of Total Imports
Food and live animals	5.8	5.2
Crude materials (inedible), except fuels	3.5	6.6
Mineral fuels, lubricants	52.0	13.2
Chemicals	5.5	6.1
Basic manufactures	15.0	18.2
Machinery and transport	14.8	36.8
Miscellaneous manufactures	2.3	13.0
Other	2.3	13.0
Total	100.0	100.0

Source: The Europa Year Book 1984
Europa Publications Ltd., 1984

3. Norway is a member of the European Free Trade Association (EFTA) which has a free trade agreement with the European Economic Community. As a result, there is free trade in industrial products between Norway and the rest of Western Europe.

4. The United Kingdom (34.3% in 1983), West Germany (19.0%), Sweden (10.1%), and the Netherlands (7.2%) are Norway's major export markets. Primary import sources are Sweden (18.8% in 1983), West Germany (14.8%), the United Kingdom (10.4%) and the United States (9.4%).

Source: Norway: OECD Economic Surveys 1983-84, OECD, 1984.

III. CANADA-NORWAY TRADE RELATIONSHIP

1. Until 1983 Canada had consistently maintained a large trade surplus with Norway. In 1983, however, Canada ran a trade deficit of $830 million with Norway. Canada accounted for 1.2% of Norway's total exports in 1983 and 1.7% of its total imports, while Norway accounted for only 0.3% of Canada's total exports and 0.4% of its total imports.

2. Canadian exports to Norway amounted to $230.5 million in 1983, a decline of 9.5% from 1982. Nickel ores, concentrates and scrap are Canada's dominant export to Norway, amounting to $116.9 million in 1983, 50.7% of the total. Other important exports are copper ($27.8 million), wheat ($19.7 million), and aircraft complete with engines ($15.9 million).

3. Canadian imports from Norway were valued at $313.5 million in 1983, far above the level of $92.7 million in 1982 due to large imports of ships, boats and parts. Major imports from Norway are ships, boats and parts, except engines ($132.9 million in 1983), metal fabricated basic products ($69.9 million), and crude petroleum ($43.7 million).

4. The prospects for increased Canadian-Norwegian trade are good. The Federal Government's 'Export Development Plan for Norway' identifies the following sectors as having promising prospects for increased Canadian exports to Norway: communication equipment, STOL aircraft, safety clothing, environmental control equipment, and oil and gas exploration, development and production equipment. There are also opportunities in the shipbuilding, wood processing and fishing sectors as Norway moves to restructure these industries.

CANADIAN EXPORTS TO NORWAY

	(C$ thousands)	
	1982	1983
Nickel in ores, concentrates & scrap	136,888	116,908
Copper in ores, concentrates & scrap	21,575	27,818
Wheat	22,480	19,733
Aircraft complete with engines	—	15,923
Other metals in ores, concentrates & scrap	8,025	6,061
Oil seed cake and meal	14,137	5,708
Other telecommunication & related equipment	2,771	3,649
Aircraft parts, except engines	2,906	3,444
Other cereals, unmilled	2,843	2,710
Organic chemicals	278	1,852
Other	42,655	26,684
Total	254,558	230,490

CANADIAN IMPORTS FROM NORWAY

	(C$ thousands) 1982	1983
Ships, boats and parts, except engines	2,402	132,887
Other metal fabricated basic products	28,746	69,864
Crude petroleum	—	43,738
Nickel and alloys	11,130	5,808
Other foods and materials for foods	1,333	4,471
Abrasive basic products	1,256	4,410
Pulp & paper industries machinery	2,062	3,288
Dairy produce, eggs and honey	3,195	3,102
Plastics materials, not shaped	808	2,540
Fish and marine animals	2,618	2,388
Other	39,134	41,021
Total	92,684	313,517

IV. BRITISH COLUMBIA-NORWAY TRADE RELATIONSHIP

1. British Columbia's exports to Norway amounted to $3.9 million in 1983, a decline of 18.4% from 1982. The major exports from British Columbia to Norway in 1983 were alcohols and their derivatives ($1,566.1 thousand), plywood ($786.3 thousand), special industrial clothing, rubber and plastics ($242.6 thousand), pulp and paper industry machinery and equipment parts ($183.7 thousand), and lumber ($155.4 thousand).

BRITISH COLUMBIA EXPORTS TO NORWAY

	(C$ thousands) 1982	1983
Alcohols and their derivatives	—	1,566.1
Plywood	238.4	786.3
Special industrial clothing, rubber and plastics	85.4	242.6
Pulp & paper industry machinery & equipment parts	—	183.7
Lumber	—	155.4
Rapeseed screenings	—	125.5
Parts & accessories for ships & boats, nes	205.3	119.4
Pulp & paper industry machinery & equipment	230.7	91.7
Special industry machinery & equipment, nes	—	82.5
Asbestos milled fibres	—	80.4
Other	4,030.3	468.5
Total	4,790.1	3,902.1

SWEDEN FACT SHEET

Head of State:	King Carl XVI Gustaf
Government:	Social Democrat
Prime Minister:	Mr. Olof Palme
Population (end 1983):	8.3 million
Area:	450 thousand sq. km.
Capital:	Stockholm
Major Cities (population):	Stockholm 1,402,000 Goteborg 694,000 Malmo 453,000
Gross Domestic Product (1983):	US $91.6 billion
GDP Growth Rate:	1982: -0.1%; 1983: 1.9%
Labour Force (1983):	4.4 million
Unemployment Rate (1983):	3.5%
Inflation (1983):	8.9%
Exports (1983):	US $27.4 billion
Imports (1983):	US $26.1 billion

I. SWEDEN: OVERVIEW

A. GEOGRAPHY AND POPULATION

1. Sweden, covering an area of 450 thousand square kilometres, is the fourth largest country in Europe. While Sweden is one of the world's most northern nations, its climate is temperate due to the warming effects of the Gulf Stream. Approximately 50% of Sweden is covered with forest; lakes cover 9% of the land and cultivated land covers 10%.

2. Population of Sweden is 8.3 million, giving the country a density of 20 inhabitants per square kilometre. Over 90% of the population live in the southern half of the country and more than 80% reside in cities or towns. Major cities and their population are: Stockholm (1,402,000), Goteborg (694,000), and Malmo (453,000). Stockholm is the capital city.

B. GOVERNMENT

1. Sweden is a constitutional monarchy with a parliamentary system of government. Head of State is King Carl XVI Gustaf, although his functions are ceremonial in nature.

2. The Swedish Parliament consists of one chamber - the RIKSDAG. Parliament is elected every three years on a proportional representation system; there are 349 members in the RIKSDAG - 310 fixed seats (constituency members) and 39 supplementary seats (to reflect the national distribution of votes). The next election is scheduled for September, 1985.

3. The Prime Minister is Olof Palme of the Social Democratic Party (SDP); the SDP form a minority government. The current parliament is composed of the following:

Party	No. of Seats
Social Democrat	166
Conservative	86
Center	56
Liberal	21
Communist	20
	349

Sweden's twelve ministries are relatively small units mainly involved in preparing government bills for submission to Parliament.

4. At the local level, Sweden has 24 county administrations and about 280 municipal districts, both with popularly elected councils.

5. Sweden is one of the world's leading welfare states. Approximately 70% of the country's GNP is devoted to education, health and social security.

6. Sweden's foreign policy is based on non-participation in alliances and neutrality in the event of war.

II. SWEDEN - THE ECONOMY

A. DOMESTIC ECONOMY

1. Sweden is a highly developed industrial nation with rich natural resources of forests, hydro power, iron ore, uranium and other minerals. The private sector owns approximately 90% of Sweden's industry and accounts for the employment of roughly two-thirds of the labour force. Employment by activity is as follows (1983):

	% of Employment
Agriculture, forestry, fishing	4.9
Mining, manufacturing	23.5
Construction	6.4
Commerce, banking, insurance	19.4
Transport & communications	7.1
Public administration	30.9
Other services	7.8
	100%

Source: Sweden's Economy in Figures, Svenska Handelsbanken, 1984

2. Sweden's economy stagnated in the early 1980's - real GDP fell by 0.7% in 1981 and a further 0.1% in 1982. Industrial production fell by 3.1% in 1981 and recorded no growth in 1982. Unemployment stood at 3.1% in 1982, high by Swedish standards. The inflation rate in 1982 was 8.6%.

3. A number of factors contributed to the poor economic performance of the early 1980's. Over the 1970's growth in public expenditures exceeded growth in the overall economy, resulting in rapidly increasing public indebtedness. Rigidities within markets for products, labour and capital resulted in a misallocation of resources. These factors created large imbalances within the Swedish economy. In addition, Swedish industry's external competitiveness had been greatly weakened due to large internal cost increases. This weakness exacerbated the effects of the international recession of the early 1980's on Sweden's economy.

4. In late 1982, the Government embarked on a program aimed at restoring international competitiveness and improving the overall economic performance. A series of policies were undertaken including a 16% devaluation of the Krona in the fall of 1982, a restrictive incomes policy aimed at both wages and dividends, a commitment to limit subsidies to ailing industries, and other measures aimed at reducing the deficit and growth in public expenditures.

5. To date these policies appear to have been at least partially successful. International competitiveness has been regained due to the devaluation and modest wage settlements. GDP grew by 1.9% in 1983, while industrial production rose by 4.2%. Labour market conditions have firmed, although the unemployment rate rose slightly to 3.5% in 1983. Inflation was also kept under

III. CANADA-SWEDEN TRADE RELATIONSHIP

1. Canada has consistently run a large trade deficit with Sweden; in 1983 this deficit amounted to $269.1 million. Canadian exports to Sweden were valued at $146.7 million in 1983, down 23.8% from 1982, and accounted for only 0.6% of Sweden's total imports. Canadian imports from Sweden amounted to $415.8 million in 1983, 13.7% above the level in 1982. Canada accounted for only 1.1% of Sweden's total exports in 1983.

2. Exports to Sweden accounted for only 0.2% of Canada's total exports in 1983. Major Canadian exports to Sweden include coal, copper and alloys, motor vehicle parts, fresh or frozen fish, and wood pulp.

3. Imports from Sweden accounted for only 0.6% of Canada's total imports in 1983. Motor vehicle parts (except engines) is the dominant import from Sweden. Other important imports include paper and paperboard, passenger automobiles and chassis, steel plate, and other special industry machinery.

CANADIAN EXPORTS TO SWEDEN

	(C$ thousands)	
	1982	1983
Coal & other crude bitumin substances	23,438	14,999
Copper & alloys	18,477	12,229
Motor vehicle parts, except engines	10,617	9,887
Fish, whole or dressed, fresh or frozen	10,576	9,730
Wood pulp	9,452	8,128
Other telecommunication & related equipment	7,826	6,920
Other fishery foods and feeds	5,634	6,763
Office machines and equipment	8,774	5,314
Other equipment and tools	3,780	3,824
Newsprint	3	3,658
Other	93,960	65,275
Total	192,537	146,727

CANADIAN IMPORTS FROM SWEDEN

	(C$ thousands) 1982	1983
Motor vehicle parts, except engines	53,342	61,885
Paper and paperboard	12,701	19,313
Passenger automobiles and chassis	10,351	18,918
Plate, sheet and strip, steel	17,693	18,617
Other special industry machinery	17,126	17,926
Copper and alloys	2,749	14,759
Drilling machinery and drill bits	19,602	13,908
Pulp and paper industries machinery	13,082	13,405
Furniture and fixtures	9,089	13,116
Switchgear and protective equipment	7,870	11,478
Other	202,159	212,518
Total	365,764	415,843

Source: Statistics Canada

IV. BRITISH COLUMBIA-SWEDEN TRADE RELATIONSHIP

1. British Columbia's exports to Sweden in 1983 amounted to $19.4 million, close to 50% above the 1982 level of $13 million. This dramatic increase was due to the start of coal shipments from British Columbia under a five-year contract signed between Westar and a Swedish company.

2. The major exports from British Columbia to Sweden in 1983 were frozen salmon and coal. Other important exports included metal working machinery and parts, pulp and paper industry machinery and equipment, winches and windlasses, and seeds for sowing.

BRITISH COLUMBIA EXPORTS TO SWEDEN

	(C$ thousands) 1982	1983
Salmon, frozen	9,567.7	7,922.4
Coal	--	7,357.0
Metalworking machinery and parts, nes	--	742.0
Pulp & paper industry machinery & equipment	255.5	713.7
Winches and windlasses	3.4	697.1
Seeds for sowing, nes	210.1	668.1
Wood pulp	127.1	216.8
Parts & accessories for ships & boats, nes	47.5	126.6
Woodworking machinery, equipment & parts	6.1	77.7
Electronic equipment components, nes	1.3	65.5
Other	2,808.1	859.5
Total	13,026.8	19,446.4

control, rising to only 8.9%. As well, exports rose, moving Sweden's external trade into a surplus position.

B. EXTERNAL ECONOMY

1. Sweden's economy is export-oriented with an export-to-GDP ratio of around 25%. Approximately 40% of industrial production is exported, with engineering products (cars, trucks, machinery, and electric and communications equipment) accounting for close to 50% of Swedish exports.

2. Sweden is a member of the European Free Trade Association (EFTA) and has a free trade agreement with the European Economic Community. As a result, there is free trade in industrial products between Sweden and the rest of Western Europe.

3. Sweden has consistently run a deficit in its foreign trade. In 1982, exports were valued at US $26.7 billion with imports valued at US $27.6 billion. However, due in large part to the 16% devaluation of the Kroner, Sweden's foreign trade moved into a surplus position in 1983 with exports valued at U.S. $27.4 billion and imports valued at U.S. $26.1 billion.

4. Exports and imports by commodity group for 1982 are listed in the following table:

Exports, 1982

Item	%
Foodstuffs	3
Forest products	18
Petroleum products	5
Other raw materials & metals	15
Machinery & equipment	26
Chemical products	6
Textiles	2
Transportation equipment	15
Other processed & finished goods	10
	100

Imports, 1982

Item	%
Foodstuffs	7
Crude oil & petroleum products	24
Other raw materials & metals	13
Machinery & equipment	21
Chemical products	9
Textiles	7
Transportation equipment	6
Other processed & finished goods	13
	100

Source: The Swedish Economy: Facts and Figures, The Swedish Institute, June, 1983.

5. West Germany (11.4% in 1983), the United Kingdom (10.8%), Norway (10.1%), the United States (8.9%), and Denmark (8.4%) are Sweden's major export markets. Primary import sources are West Germany (17.1%), the United Kingdom (13.9%), the United States (8.4%), and Norway (7.5%).

SWITZERLAND FACT SHEET

President:	Mr. Leon Schlumpf
Population (1983):	6.5 million
Area:	41,288 square kilometres
Capital:	Bern
Major Cities (1982 population):	Zurich 366,300 Basel 180,500 Geneva 157,400 Bern 145,300
Gross Domestic Product (1983):	US $101.8 billion
GDP Growth Rate:	1982: -1.2%; 1983 +1.0%
Labour Force (1982):	3.0 million
Unemployment Rate (1983):	0.9%
Inflation (consumer prices, 1983):	3.0%
Exports (1983):	US $25.6 billion
Imports (1983):	US $29.2 billion

I. SWITZERLAND: OVERVIEW

A. GEOGRAPHY AND POPULATION

1. Switzerland covers 41,288 square kilometres. About 60% of the area is located in the Alps mountain chain with a further 10% covered by the Jura Mountains. The remaining 30% of land area comprises the plateau between the two mountain ranges. The climate varies with altitude but is generally temperate.

2. The population of Switzerland is 6.5 million, with over 75% of the people residing in the plateau area. The population density is 154 inhabitants per square kilometre. The largest city is Zurich (population 366,300); other major cities are Basel (180,500), Geneva (157,400), and Bern, the capital, (145,300).

B. GOVERNMENT

1. Switzerland is a federal state composed of 23 cantons (political districts). The Federal Assembly, Switzerland's legislature, consists of two houses - the Council of States and the National Council - with equal powers in all respects. The Council of States consists of 46 members elected within the cantons. The National Council's 200 members are elected directly under a system of proportional representation. Elections are held every four years; last elections were held in October, 1983.

2. Switzerland's top executive body is the Federal Council which has seven councilors elected for four year terms by the Federal Assembly. Each councilor must come from a different canton, and there is a rough balance maintained among the major political parties. The assembly elects a president from among the seven for a one year term. The 1984 president is Mr. Leon Schlumpf. Each of the seven councilors act as chief of one of the seven federal departments: foreign affairs, interior, justice and police, military, finance and customs, public economy, and transport, communications and energy.

3. The 23 cantons regulate local government. All cantons have a single house legislature with an executive of five to nine members. The basic unit of local government is the commune or municipality which is organized in the same manner as the cantonal government.

II. SWITZERLAND: THE ECONOMY

A. DOMESTIC ECONOMY

1. Like other industrialized countries, Switzerland's economy experienced a recession in the early 1980's. After growing by only 1.5% in 1981, real GDP declined by 1.2% in 1982 but grew again in 1983 by 10%. The downturn was a result of a contraction in both domestic and foreign demand.

2. The unemployment rate, 0.9% in 1983, although very low by international standards, is high in terms of Switzerland's standards. The relatively high level of unemployment reflects the declining industrial production of 1982. Prices are now relatively stable; the inflation rate dropped to 3.0% in 1983 from a level of 5.6% in 1982.

3. A moderate recovery in the economy began in the last quarter of 1983 and has now become widespread. The recovery was initially stimulated by increased domestic demand; however, increased exports in 1984 added fuel to the recovery. Gross domestic product is forecast to grow by around 2.8% in 1984. Unemployment is expected to fall marginally, while the inflation rate will fall to around 2.8%.

4. Switzerland is a highly developed manufacturing country despite being almost totally lacking in raw materials. The country's industrial sector is concentrated around the production of products with high labour value such as watches and other precision instruments, chemicals, generators, turbines, cheese and chocolate. Other important sectors in the economy include tourism, international banking, insurance and transportation.

B. EXTERNAL ECONOMY

1. With a small domestic market, Switzerland is very dependent on the world economy. Exports accounted for 26.1% of the country's GDP in 1983. Exports were valued at US $25.6 billion in 1983, with imports valued at US $29.2 billion.

2. As it has virtually no raw materials, Switzerland's imports are in large part made up of raw materials: crude oil and petroleum products, iron and steel, foodstuffs, grains, and tobacco. Other major imports include industrial machinery and motor vehicles. Major exports include power equipment and electric appliances, instruments, watches, chemicals and dyestuffs, drugs, industrial machinery, yarn and textiles, and foodstuffs. Switzerland generally has a negative balance in its merchandise trade. However, this is usually counterbalanced by the country service sector - tourism, international banking, insurance and transportation.

3. West Germany is the leading market for Switzerland's exports, accounting for 19.9% of Switzerland's exports in 1983. Other major markets are France (8.7%), the United States (8.6%), Italy (7.1%), and the United Kingdom (6.5%). Switzerland's leading import sources are West Germany (28.4%), France (11.6%), Italy (10.0%), the United States (8.4%), and the United Kingdom (5.4%). As a member of the European Free Trade Association, Switzerland enjoys virtually complete free trade in industrial goods among most of Western Europe.

III. CANADA-SWITZERLAND TRADE RELATIONSHIP

1. Total two-way trade between Canada and Switzerland amounted to $606 million in 1983. Canada has consistently run a balance of trade deficit with Switzerland; in 1983 this deficit amounted to $210.4 million. Canada accounted for 1.1% of Switzerland's exports and 0.4% of its imports in 1983 while Switzerland accounted for 0.2% of Canada's exports and 0.5% of its imports.

2. Canadian exports to Switzerland amounted to $197.8 million in 1983, 9.6% below the 1982 level. Major Canadian exports to Switzerland in 1983 included undressed fur skins, aircraft engines and parts, wood pulp, other measuring, controlling, laboratory, medical and optical equipment, and apparel and apparel accessories.

3. Canadian imports from Switzerland were valued at $408.2 million in 1983, a decline of 5.0% from 1982. The major imports in 1983 were organic chemicals, precious metals including alloys, and medicinal and pharmaceutical products in dosage.

CANADIAN EXPORTS TO SWITZERLAND

	(C$ thousands)	
	1982	1983
Fur skins, undressed	27,390	24,896
Aircraft engines and parts	17,536	20,317
Wood pulp	12,616	11,639
Other measuring, controlling laboratory, medical & optical equipment	1,270	11,441
Apparel and apparel accessories	22,750	10,775
Precious metals in ores, concentrates and scrap	—	7,419
Organic chemicals	4,527	6,247
Office machines and equipment	4,292	6,245
Aircraft complete with engines	4,481	6,095
Aluminum, including alloys	99	5,000
Other	123,950	87,731
Total	218,911	197,805

Source: Statistics Canada

CANADIAN IMPORTS FROM SWITZERLAND

	(C$ thousands) 1982	1983
Organic chemicals	82,421	100,388
Precious metals including alloys	72,514	33,148
Medicinal & pharmaceutical products in dosage	19,279	24,374
Engines & turbines, general purpose, nes	9,363	14,054
Spinning, weaving & knitting machinery	9,391	13,796
Other end products, inedible	16,861	12,747
Other measuring, laboratory equip., etc.	10,616	12,715
Dairy produce, eggs and honey	12,600	11,962
Switchgear & protective equipment	10,793	11,429
Watches, clocks, jewellery & silverware	8,554	9,437
Other	177,166	164,111
Total	429,558	408,161

Source: Statistics Canada

IV. BRITISH COLUMBIA-SWITZERLAND TRADE RELATIONSHIP

1. British Columbia's exports to Switzerland amounted to $15.5 million in 1983, an increase of 42.2% from the 1982 level. This dramatic increase was due, in large part, to exports of silver in ores and concentrates ($3.0 million in 1983, zero in 1982). Other major exports from British Columbia to Switzerland in 1983 were wood pulp ($3.4 million), lead pigs, blocks and shot ($2.2 million), lumber ($1.7 million), and frozen salmon ($1.4 million).

BRITISH COLUMBIA EXPORTS TO SWITZERLAND

	(C$ thousands) 1982	1983
Wood pulp	3,632.7	3,437.7
Silver in ores and concentrates	—	2,986.7
Lead pigs, blocks and shot	1,838.3	2,237.3
Lumber	1,556.3	1,660.2
Salmon, frozen	1,963.4	1,398.1
Copper in ores, concentrates & matte	—	853.0
Gold in ores and concentrates	—	765.9
Fur skins	1,078.7	440.9
Vegetables, preserved not canned, nes	—	364.2
Salmon, canned	95.0	292.4
Other	751.7	1,076.5
Total	10,916.1	15,512.9

UNITED KINGDOM FACT SHEET

Head of State:	Queen Elizabeth II
Government:	Conservative
Prime Minister:	Mrs. Margaret Thatcher
Population (mid-1982):	56.3 million
Area:	241 thousand sq. km.
Capital:	London
Major Cities (mid-1981 population):	London 6.9 million Birmingham 1.0 million Glasgow 0.8 million Liverpool 0.5 million Manchester 0.5 million
Gross Domestic Product (1983 estimate):	US $449.2 billion
GDP Growth Rate:	1982: 2.3%; 1983: 3.1%
Labour Force (1982):	24.4 million
Unemployment Rate (1983):	13.2%
Inflation (consumer prices, 1983):	4.6%
Exports (1983):	US $91.6 billion
Imports (1983):	US $100.0 billion

I. UNITED KINGDOM: OVERVIEW

A. GEOGRAPHY AND POPULATION

1. The United Kingdom consists of Great Britain (England, Scotland and Wales) and Northern Ireland. The total land area is 241 thousand square kilometres. The climate is temperate and equable.

2. The population of the United Kingdom is 56.3 million (mid-1982), giving the country a population density of 231 inhabitants per square kilometre, among the highest in Europe. Approximately 83% of the total population lives in England, with 9% in Scotland, 5% in Wales, and 3% in Northern Ireland. Most of the population lives in urban or suburban areas.

B. GOVERNMENT

1. The United Kingdom is a constitutional monarchy. The Head of State is Queen Elizabeth II. The Head of Government is Prime Minister Margaret Thatcher.

2. Legislative power rests with the bicameral Parliament, composed of the House of Lords and the House of Commons. The House of Lords is made up of close to 1,200 hereditary peers and government appointees. The House of Commons consists of 650 members elected by the general public.

3. The Conservative government under Prime Minister Thatcher won a convincing victory in the United Kingdom's last general election in June, 1983. Now in her second five year term in office, Prime Minister Thatcher controls 397 of the 650 seats in the United Kingdom's parliament. The composition of the House of Commons, as of the last election, was:

Party	No. of Seats
Conservative	397
Labour	209
Liberal	17
Northern Ireland Parties	17
Social Democratic Party	6
Scottish National Party	2
Plaid Cymru	2
Total	650

4. At the local level, there are 6 metropolitan counties, 39 non-metropolitan counties, and 432 districts. Responsibilities of the local governments include police and fire service, traffic and highways, education, building regulations, and local recreation (museums, swimming pools, etc.).

II. UNITED KINGDOM - THE ECONOMY

A. DOMESTIC ECONOMY

1. Since 1979 the Conservative government has had as its highest priority the goal of reducing and controlling the rate of inflation. The policies aimed at this goal were mapped out in the Melium Term Financial Strategy and have been continued in successive budgets. This strategy emphasizes financial restraint. As well, on the supply side of the economy, the government has moved in these general areas: reducing the tax burden, the privatization of certain nationalized industries, and removing or reducing institutional barriers to structural change.

2. By reducing the rate of inflation, the government believes that it has created a healthy environment which will facilitate continuing growth in output and employment over the medium term. To date the result of the government's policies has been mixed. The goal of reducing inflation has been achieved; inflation has fallen from a peak of 20% in 1980 to 5% in 1983. As well, public sector borrowing requirements relative to GDP have been reduced.

3. However, the costs of bringing down inflation were felt in both output and employment. Real gross domestic product fell by 2.6% in 1980 and by 1.3% in 1981 before rebounding to show growth of 2.3% in 1982 and 3.1% in 1983. Only recently has real GDP climbed back to its pre-recession peak level of 1979. Unemployment rose sharply from 6.9% in 1980 to 12.3% in 1982 and 13.2% in 1983. The output and employment impacts of the government's policies were exacerbated by the world recession and the loss in the U.K.'s external competitiveness due to rising labour costs and appreciation of the pound in the early 1980's.

4. Recovery in the U.K.'s economy has been consumer-led, propelled by wealth generated by North Sea oil. The recovery should continue over the short run. Gross domestic product is expected to grow by around 2.5% in 1984 while inflation will remain at roughly the same level as in 1983. However, no marked improvement is expected in the unemployment rate until at least mid-1985, although labour market conditions have improved somewhat.

5. The manufacturing sector accounts for approximately 30% of the U.K.'s GDP. Major manufacturing industries include engineering, chemicals, motor vehicles, metals, and printing/publishing. However, the manufacturing sector has performed poorly in recent years. A high degree of import penetration, which has captured a large part of the increased domestic demand, coupled with a loss of export market shares resulting from inadequate cost competitiveness, has not allowed the manufacturing sector to significantly increase its output from the level existing at the trough of the recession in 1981. The U.K.'s balance of trade in manufactures moved into deficit in 1983 for the first time since the industrial revolution. The government has recently introduced a number of programs, mainly to encourage the use of new technologies, aimed at improving the competitiveness of the manufacturing sector.

B. EXTERNAL ECONOMY

1. The total value of the U.K.'s exports in 1983 was US$91.6 billion; value of total imports was US$100 billion. The U.K.'s largest trading partners are the other countries within the EEC who accounted for 43.8% of the U.K.'s exports and 45.7% of its imports in 1983. Within the EEC, West Germany is the largest individual trading partner (10% of exports and 14.7% of imports), followed by France (9.3% of exports and 7.7% of imports), and the Netherlands (9% of exports and 7.7% of imports). The United States, the U.K.'s single largest trading partner, accounted for 13.8% of the U.K.'s exports in 1983 and 11.5% of its imports.

2. The United Kingdom's major exports and imports by commodity group are as follows:

Exports, 1983		Imports, 1983	
Item	%	Item	%
Machinery	21	Machinery	20
Petroleum & petroleum products	21	Petroleum and petroleum products	9
Chemicals	11	Chemicals	8
Transport equipment	9	Non-ferrous metals	3
Textiles	2	Meat	2
Non-ferrous metals	2	Other	58
Iron and steel	3		100
Other	31		
	100		

Source: United Kingdom, OECD Economic Surveys 1984-85, OECD, January, 1985.

III. CANADA-UNITED KINGDOM TRADE RELATIONSHIP

1. The United Kingdom is Canada's third largest trading partner, ranking behind the United States and Japan. Total two-way trade between Canada and the U.K. amounted to $4.2 billion in 1983. Canada has consistently enjoyed a trade surplus with the U.K.; in 1983 this surplus amounted to $639 million. Canada accounted for only 1.5% of the U.K.'s total exports and 2.3% of its total imports in 1983, while the U.K. accounted for 2.8% of Canada's exports and 2.4% of its imports.

2. Canadian exports to the U.K. amounted to $2.4 billion in 1983, down 11.1% from the 1982 level of $2.7 billion. Major Canadian exports to the U.K. include newsprint, wheat, iron ores and concentrates, lumber, nickel in ores, concentrates and scrap, and wood pulp.

3. Canadian imports from the U.K. were valued at $1.8 billion in 1983, down 5.3% from the 1982 level of $1.9 billion. Crude petroleum is by far Canada's largest import from the U.K., amounting to $200 million in 1983. Other important imports include ships, boats and parts, except engines, organic chemicals, other inedible end products, and medicinal and pharmaceutical products.

CANADIAN EXPORTS TO THE UNITED KINGDOM

	(C$ millions)	
	1982	1983
Newsprint	350.4	274.1
Wheat	269.6	236.8
Iron ores and concentrates	160.4	226.6
Lumber	176.3	186.4
Nickel in ores, concentrates and scrap	51.2	117.1
Wood pulp	144.4	115.3
Precious metals in ores, concentrates & scrap	73.5	95.2
Copper and alloys	136.7	94.1
Fish, canned	39.0	63.6
Other telecommunication & related equip.	47.6	60.1
Other		
Totals	2,669.5	2,448.8

Source: Statistics Canada

CANADIAN IMPORTS FROM THE UNITED KINGDOM

	(C$ millions)	
	1982	1983
Crude petroleum	335.1	200.0
Ships, boats & parts, except engines	17.2	138.4
Organic chemicals	57.3	64.9
Other end products, inedible	59.2	58.1
Medicinal & pharm. products, in dosage	43.2	53.0
Distilled alcoholic beverages	57.5	49.3
Kitchen utensils, cutlery, tableware	44.4	45.3
Engines & turbines, general purpose, nes	35.3	43.4
Other chemical products	39.0	33.9
Books and pamphlets	23.5	27.1
Other	1,192.2	1,096.4
Totals	1,903.9	1,809.8

Source: Statistics Canada

IV. BRITISH COLUMBIA-UNITED KINGDOM TRADE RELATIONSHIP

1. British Columbia's exports to the United Kingdom amounted to $451.5 million in 1983, an increase of 1.2% from the 1982 level. Lumber is the major British Columbia export to the U.K., valued at $140.1 million in 1983. Other important exports are canned salmon, plywood, wood pulp, and paper and paperboard.

EXPORTS OF BRITISH COLUMBIA PRODUCTS TO THE UNITED KINGDOM

	(C$ millions)	
	1982	1983
Lumber	135.0	140.1
Canned salmon	38.3	63.3
Plywood	44.4	57.9
Wood pulp	77.3	56.6
Paper and paperboard	33.9	36.8
Molybdenum concentrates	12.9	22.5
Zinc ingots	33.5	20.1
Lead ingots	21.0	12.3
Asbestos fibre	8.4	7.9
Apples	6.1	3.8
Other	35.3	30.2
Totals	446.1	451.5

Appendix

Policies and Institutions of the European Community

A) Policies:

With the impending accession of Spain and Portugal to the European Community, 90% or more of Western Europe's external trade will be accounted for by EEC member states. Future access to these markets will therefore be more and more conditioned by policy initiatives taken at the Community as opposed to the national level. The future scope and application of these initiatives depend upon the prospects for continuing jurisdictional transfers from national to Community institutions. In this regard, the market integration aspirations of both the founding treaties and more recently of summit statements cannot be taken as definitive developmental blueprints, as national governments have amply demonstrated their readiness to resist encroachments that they consider not yet to be in their national interest. This interplay between opposing political forces is most clearly expressed in the exchanges between the Commission (representing the Community interest), and the Council of Ministers (representing national interests), though in recent years the European Parliament and the Court of Justice have also played increasingly important roles.

Great variability in scope exists among the common policies so far developed. The Common Agricultural Policy (CAP) is by far the most fully developed, alone accounting for about 70% of budgetary expenditures (the EEC budget remains proportionately very small at 1% of combined GDP). Even in this area, however, national governments still enjoy considerable freedom of action, particularly vis a vis structural measures. Thus, in the area of price support measures, which is the main concern of the common policy, extensive nationally based input subsidy measures still apply.

National derogations from the common commercial policy (i.e. tariffs and quotas) may also arise, though these are explicitly viewed as such (i.e. derogations), and are subject to prior majority approval at the Council of Ministers. Thus, even though the great bulk of import restraint agreements are Community mediated, nationally applied border control measures may still be imposed. Furthermore, though the Commission functions as the EEC representative in international trade negotiations, it does so under careful and continuous national scrutiny, and subject to a Council mandate and Council approval.

There is, of course, a direct relationship between the Commission's leeway at such talks and its range of policy responsibilities, and as non-tariff barriers (NTB's) come to dominate trade negotiating agendas, the further development of Community powers in these areas will assume even more significance.

Aside from agriculture and international commerce, Community interventions in the areas of competition and industrial policy may well have the broadest potential trade impacts. Compared to other areas, Treaty pronouncements in regard to rules of competition are quite explicit, and the Commission has been very active in this area. Articles 85 (cartels) and 86 (dominant firms and abuse thereof/mergers) of the Rome Treaty are the key clauses. Of the two, cartel provisions have been much more frequently invoked, and a significant body of relevant case law now exists. Guidelines essentially prohibit restrictive arrangements, such as price or market sharing agreements, that adversely affect trade between member states. The action brought against the pricing practices of Canadian and other pulp producers was done so under Article 85. Though no explicit price agreements existed, the parallel price behaviour that arose from pricing in $U.S. was interpreted as evidence of collusion (Canadian producers have appealed the decision and fines to the Court of Justice). This case also demonstrates the extra-territorial applicability of these provisions.

Industrial policy is one of the least developed areas of Community activity, and for most intents and purposes, still remains the prerogative of national governments, a situation which greatly complicates the position of the Community in international negotiations on NTB's. While the Treaty of Paris, which established the European Coal and Steel Community (ECSC), is explicit on measures for the coal and steel industry, references to industrial policy in the Rome Treaty establishing the EEC are more implicit and scattered. Commission initiatives have, however, been taken in the following main policy areas; public procurement; harmonization of standards and fiscal regimes; science and technological co-operation; and problem industries. The latter (shipbuilding, steel, and textiles), mainly involve the regulation and control of state aids, and the use of temporary market organization measures for the purpose of restructuring. Community wide policies have also been developed for regional underdevelopment, and fisheries, the latter in particular representing a major accomplishment.

As the list of common policies is added to, e.g. transport, it seems inevitable that the number and variety of trade related issues that fall specifically within Community as opposed to national jurisdictions will grow, so that an understanding of its institutions and their functions will be vital to the management of our trade relations.

Note/EFTA:

All the remaining states of Western Europe are members of the European Free Trade Associaton (Finland is an associate member), which was established under the Stockholm Treaty (1959), in part as a counter to the EEC. Area free trade was limited to industrial products, and external tariffs were not harmonized (rules of origin guidelines safeguard against trade deflection). It was much less comprehensive in scope, and lacked the political unity dimension that the EEC has always had. When two members

(U.K. and Denmark) joined the EEC in 1973, free trade agreements for most industrial goods (with 5 to 10 year transition periods) were signed by the remaining members with the EEC. EFTA does not necessarily adopt a unified position at international trade negotiations.

B) Institutions:

The European Community has a written constitution, comprised of a series of basic treaties which define both the powers and scope of the joint central institutions and the relationships of the member governments to them. There are three basic treaties: The Treaty of Paris (1951), which established the European Coal and Steel Community (ECSC); and the two Treaties of Rome (1957), which established, respectively, the European Atomic Energy Community (Euratom) and the European Economic Community (EEC). Subsequent treaties included: Luxembourg (1965), which merged the separate Community institutions; Brussels (1972), which enlarged the member states from six to nine; and a number of others, dealing, e.g., with budgetary provisions, direct elections to the European Parliament, and Greek accession. These subsequent treaties all necessitated various amendments to the three foundation treaties, and it is these later revised texts which comprise the current operating constitution. Since the Treaty of Luxembourg, the generic term "European Community" has increasingly been applied to the administratively unified Communities.

The founding treaties expressed the need for agreement on long-term goals and general principles, but problem resolution was generally deferred to be dealt with as required at later dates. The one major exception to this approach is in those treaty sections dealing with the formation of a custom union, i.e. the elimination of trade barriers and the establishment of a common external tariff. Here the principles are followed by detailed agreements and precise commitments binding on the member

states (M/S), in accordance with a specific timetable and subject only to minimal escape clauses. Elsewhere, however, with the possible exception of agricultural and competition policy, commitments are far less precise or specific, with the treaties doing no more than establishing a framework within which policies can later be devised. This type of approach is termed "agreement to agree," and is by now a hallmark of the Community's political style.

While such an approach involves continuing crises and conflict (as with the debate over British budget rebates), compromise is, however, ultimately guaranteed by the fact that, in the last analysis, preservation of the Community will always be a more vital national interest than the gains or losses from any individual sectoral policy. The major contemporary function of the Community is, in fact, the provision of a forum to manage and contain the inevitable conflicts that have accompanied Western European integration.

The Commission:

The Commission is essentially the Community's civil service. It is a collegial body appointed by governments of the M/S. The total of 14 commissioners is comprised of two each from the big four (West Germany, France, Italy and the United Kingdom) and one each from the other M/S. Appointment is for a four-year renewable term. On taking office, the Commission renounces by oath the possibility of instruction from outside bodies, and it is answerable only to the European Parliament which has the right (never exercised) to dismiss it. This provision is designed to

strengthen the independence of the Commission from undue influence by national governments. Nevertheless, since each country has at least one Commissioner who is likely to be a product of the political milieu of that country, Commissioners inevitably reflect to some degree national interests.

Each Commissioner assumes responsibility for one or more policy portfolios, assisted by his or her own cabinet or personal staff which is not a part of the formal bureaucratic structure. The departmental structure of the Commission is based on directorates general, nineteen in all, which look after the various policy sectors and functional services. Chains of responsibility within the Commission's bureaucracy are almost entirely vertical, with far less interdepartmental cooperation and liaison than is normal in most national administration.

In its policing role as guardian of the treaties, the Commission is empowered to investigate breaches of treaty obligations, to issue objective rulings, and to notify the government or firm concerned of the action required to put matters in order. With one exception, i.e. the field of competition and cartels, the Commission does not have the power to directly levy penalties for non-compliance without going through the medium of either the Court of Justice or the Council of Ministers.

In its executive or administrative role, the Commission establishes rules or guidelines in the policy areas delegated to it (e.g. customs union, agriculture), applies or administers these rules in particular cases (e.g. coal and steel production, nuclear plant inspection), and administers Community funds (e.g. the Common Agricultural Fund or the Regional and Social Fund). Because of its small staff size relative to the scale of Community competence, the burden of day-to-day administration is largely borne by national bureaucrats, with the Commission

largely functioning in a supervisory capacity. The associated blurring of accountability and responsibility and the danger of public alienation from the governmental process was a major consideration in the decision to proceed with direct elections to the European Parliament.

The Commission's role of initiator of Community policy is now perhaps the most significant one. This assures it the primary role in the initial stages of the overall Community decision-making process. While formally the Commission has the sole right of policy initiative, in practice many initiatives are now taken at the summit meetings of the European Council. As a small body seeking to produce proposals likely to win acceptance by the national governments, the Commission consults widely with outside groups and with Management Committees consisting of national representatives, and proposals are evolved more or less in public. The Commission devotes a great deal of time to mediating between M/S in attempts to produce formula acceptable to all.

The Commission's final role is that of acting as the Community's external representative, based in Brussels, and it receives and sends out diplomatic representations. On the basis of directives from the Council, it also acts as the Community negotiator in agreements with external agencies (e.g. GATT).

Council of Ministers

This is the only Community institution whose members directly represent the member governments. It is clearly the ultimate controlling authority, since draft regulations and directives only become law if the Council is agreeable. While the Commission can be given extensive responsibilities and delegated powers once policies have been established (as has been the case with agriculture), Council negotiations are crucial in the detailed elaboration of those policies. The Commission is

always represented at Council meetings, playing the role of honest broker and guardian of the Community interest and applying the prompting and pressure required to evolve formulas acceptable all around. Each Council decision, which may be legally binding or have only political effect, must refer to the appropriate treaty and to one or more of its articles, ensuring that authorities do not legislate on something which does not fall within their competence.

Each M/S is officially represented at Council meetings by one or more Ministers with accompanying national delegations, the precise composition of which is determined by the business under discussion. As a general rule, it is the Foreign Ministers who have general responsibility for Council affairs. In addition, the permanent national missions to the Community regularly meet as the Committee of Permanent Representatives, or Coreper, in what, in a sense, is the Council at non-ministerial level. Coreper plans Council debates and operates as the steering and managerial team in the Council decision-making process. Allowing for the different kinds of meetings, the Council is, in fact, in almost permanent session, albeit with a constantly rotating membership.

Essentially, two different voting methods were prescribed in the foundation treaties - unanimity and the weighted qualified majority procedure. Originally, qualified majority voting was to have been phased in for most matters other than some very basic ones (e.g. enlargement, legal harmonization) for which unanimity was to be reserved. Following French objections in the 1960's, however, the so-called Luxembourg compromise was adopted, effectively precluding the implementation of majority voting by mandating unanimity whenever vital national interests were considered to be at stake. By that time, it had become clear that M/S could not be coerced against their will to accept totally unpalatable measures. The search for unanimity has continued, however, in the form of Commission package deals

linking progress in different areas enabling all M/S to make tmmediate gains against corresponding concessions. As Community btsiness has become more complex, the areas for agreement have become progressively more diffuse and less related, with agreements having to be slowly hammered out. Nevertheless, while the general power of veto remains, there are also practical limitations on the room for maneuver enjoyed by the minority. The price of national over-assertiveness on one set of issues may well be national losses elsewhere. Retribution may be swifter than in other international organizations which meet less frequently. Thus, issue linkage and package brokering, rather than majority voting, are the crucial mechanisms for expediting Community business.

The Court of Justice

The Court, situated in Luxembourg, currently consists of eleven judges, one from each M/S, and one selected on a rotating basis from one of the big four M/S. They are appointed for six years at a time, although reappointment is frequent. Judgements of the Court are given anonymously, as representing the decision of all judges, and any disagreements among them are carefully concealed. This reduces fear of pressure from governments expecting "their" judge to support national interests. In addition to the judges, there are four Advocates General, one each from the big four M/S.

Unlike most Federal supreme courts, the Court of Justice is not hierarchically superior to the national courts. It stands alone, with no supporting substratum of lower-tier Community courts, though it has developed a unique relationship with the ordinary courts of the M/S which have the prime task of applying Community law in the everyday environment.

The Court's most important work is now centred on two major areas: deciding on the legality of Commission policy decisions, and ruling on interlocutory appeals or referrals from national courts on the interpretation or applicability of particular portions of Community law. With regard to the first area, the cases involved are those in which the Commission possesses significant treaty-based direct powers of enforcement, primarily organization of coal and steel production, and industry competition guidelines. The Commission itself may bring proceedings against governments or firms for non-compliance or, alternatively, firms may appeal against Commission decisions. The Court's judgements not only settle the particular matters at issue but also lay down the precise construction to be placed on disputed passages in the Treaties. For serious violations, the Court can, and does, impose substantial fines.

The second major area is the Court's relationship to the national courts. The main burden of application and enforcement of Community law rests on the ordinary courts in the M/S. To ensure uniformity of application, the EEC Treaty provides that the Court of Justice can act as a centralizing source of binding interpretation. Nevertheless, a significant element of national judicial discretion remains, and the written law of the Community, though a direct and superior part of national law, is still in its application under the control of the national courts and the national legal machinery. It has been necessary, therefore, to wait over the years for the gradual acceptance by country after country of the superior status of Community law, a movement which usually begins in the lower courts and only slowly permeates the higher levels.

The Court of Justice is thus a major contemporary source of Community-wide law. Its rulings refine the legislative texts of Commission regulations and directives, test them for 'constitutionality,' and say whether they are valid or not when compared with superior norms, especially the Treaties (the Community's constitution), and fill in the multitude of gaps by enunciating general principles of law. These latter are derived from the general legal climate of Europe, particularly the laws of the M/S, and as such the Court is essentially a comparative law body.

In all cases in which it is not itself a party, the Commission intervenes on behalf of the Community as such, putting forward arguments which might otherwise be ignored. The right to intervene is also granted to the M/S, and to private parties if they can show a valid interest in the result of the case (this allows for the equivalence of class action interventions, e.g. by national consumer organizations). Unlike the English court practice, the Court does not rely solely on the material placed before it by the parties. On the law particularly (less so for facts or non-legal policy issues), it draws upon a vast amount of comparative material from a large variety of sources.

Community law is now beginning to bite, and it is the Court of Justice (and the national courts) which is forcing the governments to accept the consequences of what they have agreed. Since 1970 there has been a steady development, through Community legislation and the Court's case law, in legal rules affecting everyday conduct. Since it is not backed by powers of enforcement, however, if it is to retain credibility the Court must take the political implications of its decisions into account and avoid a repetition of situations such as that in 1979 when the French government ignored the Court's ruling that French import bans and taxes on British lamb were illegal. (This case however remains the sole instance thus far of national non-compliance with the Court).

The European Parliament (Assembly)

In terms of the overall institutional structure of the Community, the Parliament, which meets in Strasbourg, is clearly intended as a power base for the Commission. While it plays no role in the Commission's appointment, it does have the right, by a two-thirds majority vote, to censure and hence dismiss the Commission. This power, however nominal, does have the constitutional implication that the Commission is answerable to Parliament. The Commission appears regularly before Parliament, participates in debates, and engages in detailed work with various parliamentary committees. By contrast, Parliament's exchanges with the Council are generally of an informational nature only.

Parliament's greatest power is over the budget expenditures (Community revenue and resources are determined by Treaty commitments). Budgetary powers fall into four categories - powers to reject the budget as a whole; to amend non-compulsory expenditure; to seek modifications to compulsory expenditure; and to legitimize (discharge) the accounts. In the event of budget rejection, appropriations equal to one-twelfth of the previous year's budget are granted automatically on a monthly basis until such time as a new budget is voted.

The budget is divided into two parts - compulsory expenditure and non-compulsory expenditure. The former arises automatically out of obligations contained in the treaties, while the latter relates to policies and activities subsequently adopted. All agricultural spending is held to arise directly from the obligations in the EEC Treaty to establish a common agricultural policy. As a result, because of the predominance of agriculture in the operational budget, compulsory expenditures amount to about 70% of the total. The procedures for expenditure amendments or modifications are quite complicated, but

Parliament's powers with respect to non-compulsory expenditures are significantly less circumscribed. Parliament's final power relates to its right to 'discharge' the budget, i.e. to approve the accounts. Important though this may be, it remains very much an ex-post control over expenditure.

Parliament's role in the legislative process is in no way comparable with its power over the budget. Legislative power is essentially vested in the Council. In effect, Parliament's role and importance is at the pre-legislative stage, through consultation with the Commission. Thus, the European Parliament is never required to ratify treaties between the Community and other countries. In only one instance, i.e. where legislative proposals have implications for Community expenditure, is the Parliament directly involved, and even this is restricted only to a three-month power of delay.

Political groups are crucial in the functioning of the Parliament. The formula for official recognition is 10 MP's if the group contains representatives from three or more M/S; 15 if from two states; and 21 if from only one M/S. Seven groups now have official recognition, embodying Europe's major political tendencies and parties. While direct elections have enhanced its representative role, national parliaments have continued as the dominant channel for representation of public interests.

Lesser Institutions:

1. The Economic and Social Committee:

This Committee is designed to give direct representation within the Community to group economic interests. Appointed by national governments, membership is equally made up of employer, trade union, and other economic interests. Under the treaties, the Committee is required to be consulted on a range of matters,

e.g. on the free movement of workers, on freedom of establishment, on a common transport policy, on the common agricultural policy, and on many more such matters. With direct elections to the European Parliament and the provision thereby of an alternative channel for interest-group representation, the need for the Committee has become less clear.

2. The European Investment Bank:

Operating on a non-profit basis, the EIB was established to promote the economic development of the Community. It is particularly active in modernization and infrastructure projects in less developed regions of the Community, making or guaranteeing loans for investment projects. Its original capital was subscribed by the M/S, and it has borrowing as well as lending authority. 1983 lending within the Community amounted to US $4,500 million. The Board of Governors is composed of national ministers.

3. The European Council:

Not to be confused with the Council of Ministers, this refers to the forum for summit meetings of heads of state. As noted earlier, many Community policy initiatives now emanate from these meetings. The Council has been meeting three times a year since 1975.

4. The Court of Auditors:

This is the body responsible for the external audit of Community resources. It examines the accounts of all Community expenditures and revenues, and assists the Parliament and the Council in exercising their powers of control over budget implementation.